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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF 西安經發物業股份有限公司 XI'AN KINGFAR PROPERTY SERVICES CO., LTD.* AND CEB INTERNATIONAL CAPITAL CORPORATION LIMITED

Introduction

We report on the historical financial information of 西安經發物業股份有限公司 Xi'an Kingfar Property Services Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 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, 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 "Track Record Period"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-66 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 24 June 2024 (the "Prospectus") in connection with the initial listing of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for Historical Financial Information

The directors of the Company are responsible for the preparation of 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.

* *For identification purposes only*

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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 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 Company's and the Group's financial position as at 31 December 2021, 2022 and 2023 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

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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-4 have been made.

Dividends

We refer to Note 25(d) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

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

24 June 2024

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 Track Record Period, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

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Consolidated statements of financial position

(Expressed in RMB)

	Note	As at 31 December 2021 RMB'000	2022 RMB'000	2023 RMB'000
Non-current assets				
Investment property and other plant and equipment	11	56,972	60,418	62,940
Intangible assets	12	4,379	5,810	7,415
Goodwill	13	–	1,769	1,769
Non-current portion of other receivables	16	7,463	–	–
Prepayments for acquisition of properties	14	–	–	36,611
Deferred tax assets	23(b)	9,807	11,518	12,388
		78,621	79,515	121,123
Current assets				
Inventories	15	1,188	1,316	840
Trade and other receivables	16	138,815	243,373	262,307
Prepayments	17	6,194	7,010	7,125
Cash at bank and on hand	18	249,240	207,870	258,478
		395,437	459,569	528,750
Current liabilities				
Interest-bearing borrowings	19	2,000	12,000	–
Trade and other payables	20	309,868	402,051	466,515
Contract liabilities	21	24,303	25,883	38,977
Lease liabilities	22	1,339	–	676
Current taxation	23(a)	7,133	12,879	4,204
		344,643	452,813	510,372
Net current assets		50,794	6,756	18,378
Total assets less current liabilities		129,415	86,271	139,501
Non-current liabilities				
Interest-bearing borrowings	19	12,000	–	–
Long-term payables	24	16,062	16,062	16,062
Deferred income		856	794	1,200
Lease liabilities	22	–	–	275
		28,918	16,856	17,537
NET ASSETS		100,497	69,415	121,964
CAPITAL AND RESERVES	25			
Share capital		42,716	50,000	50,000
Reserves		54,893	17,179	66,982
Total equity attributable to equity shareholders of the Company		97,609	67,179	116,982
Non-controlling interests		2,888	2,236	4,982
TOTAL EQUITY		100,497	69,415	121,964

The accompanying notes form part of the Historical Financial Information.

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Consolidated statements of profit or loss and other comprehensive income
(Expressed in Renminbi ("RMB"))

	Note	Year ended 31 December 2021	2022	2023
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*4*	593,660	706,816	862,247
Cost of sales		(507,434)	(605,819)	(744,211)
Gross profit		86,226	100,997	118,036
Other income	*5*	5,437	4,281	3,833
Administrative and other expenses		(48,721)	(49,937)	(53,137)
Research and development costs		–	–	(191)
Impairment loss on trade and other receivables		(1,162)	(5,187)	(3,871)
Profit from operations		41,780	50,154	64,670
Finance costs	*6(a)*	(2,893)	(1,755)	(1,496)
Profit before taxation		38,887	48,399	63,174
Income tax	*7*	(7,732)	(10,960)	(12,156)
Profit and total comprehensive income for the year		31,155	37,439	51,018
Attributable to:				
Equity shareholders of the Company		32,187	37,501	49,726
Non-controlling interests		(1,032)	(62)	1,292
Profit and total comprehensive income for the year		31,155	37,439	51,018
Earnings per share	*10*			
Basic and diluted (RMB cents)		75.4	79.3	99.5

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Statements of financial position of the Company

(Expressed in RMB)

	Note	As at 31 December 2021 RMB'000	2022 RMB'000	2023 RMB'000
Non-current assets				
Investment property and other plant and equipment	11	19,351	23,062	22,956
Intangible assets	12	4,329	4,239	5,985
Deferred tax assets	23(b)	4,104	5,022	4,611
Prepayments for acquisition of properties	14	–	–	36,611
Investment in subsidiaries	1	8,678	92,109	91,660
		36,462	124,432	161,823
Current assets				
Inventories	15	579	479	225
Trade and other receivables	16	65,209	124,807	152,373
Prepayments	17	4,527	5,089	5,050
Cash at bank and on hand	18	142,428	88,810	96,949
		212,743	219,185	254,597
Current liabilities				
Trade and other payables	20	182,001	243,022	280,282
Contract liabilities	21	21,191	19,285	26,709
Lease liabilities	22	1,339	–	261
Current taxation	23(a)	5,764	8,284	2,584
		210,295	270,591	309,836
Net current assets/(liabilities)		2,448	(51,406)	(55,239)
Total assets less current liabilities		38,910	73,026	106,584
Non-current liabilities				
Deferred income		336	294	252
Lease liabilities	22	–	–	275
		336	294	527
NET ASSETS		38,574	72,732	106,057
CAPITAL AND RESERVES	25			
Share capital		42,716	50,000	50,000
Reserves		(4,142)	22,732	56,057
TOTAL EQUITY		38,574	72,732	106,057

The accompanying notes form part of the Historical Financial Information.

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Consolidated statements of changes in equity

(Expressed in RMB)

	Attributable to equity shareholders of the Company						
	Share capital	Capital reserve	Statutory reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 25(b))	*(Note 25(c)(i))*	*(Note 25(c)(ii))*				
Balance at 1 January 2021	42,716	31,526	(818)	5,404	78,828	200	79,028
Changes in equity for the year:							
Profit for the year and total comprehensive income	–	–	–	32,187	32,187	(1,032)	31,155
Appropriation to reserves	–	–	2,153	(2,153)	–	–	–
Capital injection by non-controlling equity holders of the Group	–	–	–	–	–	3,720	3,720
Deemed distribution *(Note 1)*	–	(13,406)	–	–	(13,406)	–	(13,406)
Balance at 31 December 2021	42,716	18,120	1,335	35,438	97,609	2,888	100,497
Balance at 1 January 2022	42,716	18,120	1,335	35,438	97,609	2,888	100,497
Changes in equity for the year:							
Profit for the year and total comprehensive income	–	–	–	37,501	37,501	(62)	37,439
Appropriation to reserves	–	–	3,119	(3,119)	–	–	–
Capital injection by non-controlling equity holders of the Group	–	–	–	–	–	690	690
Issuance of new shares	7,284	–	–	–	7,284	–	7,284
Acquisition of a subsidiary *(Note 27)*	–	–	–	–	–	(803)	(803)
Deemed distribution *(Note 1)*	–	(18,120)	(792)	(56,303)	(75,215)	(477)	(75,692)
Balance at 31 December 2022	50,000	–	3,662	13,517	67,179	2,236	69,415

The accompanying notes form part of the Historical Financial Information.

	Attributable to equity shareholders of the Company					Non-controlling interests	Total equity
	Share capital	Capital reserve	Statutory reserve	Retained earnings	Total		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 25(b))	*(Note 25(c)(i))*	*(Note 25(c)(ii))*				
Balance at 1 January 2023	50,000	–	3,662	13,517	67,179	2,236	69,415
Changes in equity for the year:							
Profit for the year and total comprehensive income	–	–	–	49,726	49,726	1,292	51,018
Appropriation to reserves	–	–	3,324	(3,324)	–	–	–
Capital injection by non-controlling equity holders of the Group	–	–	–	–	–	490	490
Capital injection	–	84	–	–	84	–	84
Changes in ownership interests in a subsidiary that do not result in a loss of control	–	(7)	–	–	(7)	964	957
Balance at 31 December 2023	50,000	77	6,986	59,919	116,982	4,982	121,964

The accompanying notes form part of the Historical Financial Information.

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Consolidated statements of cash flows
(Expressed in RMB)

	Note	Year ended 31 December 2021 RMB'000	2022 RMB'000	2023 RMB'000
Operating activities				
Profit before taxation		38,887	48,399	63,174
Adjustments for:				
Depreciation and amortisation	*6(c)*	8,469	10,023	11,856
Impairment losses on trade and other receivables	*6(c)*	1,162	5,187	3,871
(Gain)/loss on disposal of other plant and equipment		(42)	28	19
Finance cost	*6(a)*	1,987	745	241
Interest income	*5*	(1,424)	(1,384)	(614)
Changes in fair value of financial assets measured at FVPL	*5*	(413)	–	–
Changes in working capital:				
(Increase)/decrease in restricted cash at bank		(629)	(4,338)	3,945
Increase in trade and other receivables		(52,296)	(99,941)	(11,039)
Increase in prepayments		(185)	(814)	(115)
(Increase)/decrease in inventories		(115)	(128)	476
Increase in trade and other payables		66,197	23,787	97,377
Increase in contract liabilities		7,127	879	13,094
Cash generated from/(used in) operations		68,725	(17,557)	182,285
Income tax paid	*23(a)*	(8,498)	(7,206)	(21,701)
Net cash generated from/(used in) operating activities		60,227	(24,763)	160,584

The accompanying notes form part of the Historical Financial Information.

	Note	Year ended 31 December 2021 RMB'000	2022 RMB'000	2023 RMB'000
Investing activities				
Proceeds from disposal of other plant and equipment		143	2	21
Payment for purchase of other plant and equipment		(21,498)	(14,654)	(14,699)
Payment for acquisition of properties	*14*	–	–	(36,611)
Proceeds from disposal of financial instruments measured at FVPL		7,821	–	–
Advances to related parties	*28(b)*	(10,500)	–	–
Repayments from related parties	*28(b)*	32,500	1,000	7,500
Cash acquired from acquisition of a subsidiary, net	*27*	–	839	–
Payment of consideration payable for acquisition of a subsidiary		–	–	(186)
Interest received	*5*	1,424	1,384	614
Net cash generated from/(used in) investing activities		9,890	(11,429)	(43,361)
Financing activities				
Repayments of interest-bearing borrowings	*18(b)*	(41,500)	(2,000)	(12,000)
Payments to related parties	*28(b)*	(9,293)	–	–
Proceeds from capital injection by non-controlling equity holders of subsidiaries of the Group		3,720	690	490
Issuance of new shares	*25(b)*	–	7,284	–
Capital injection		–	–	84
Acquisition of subsidiaries under common control	*28(b)*	–	(13,406)	(37,846)
Changes in ownership interests in a subsidiary that do not result in a loss of control		–	–	957
Listing expense paid		–	–	(13,741)
Interest element of lease rentals paid	*18(b)*	(119)	(43)	(47)
Capital element of lease rentals paid	*18(b)*	(1,272)	(1,339)	(373)
Interests paid	*18(b)*	(1,868)	(702)	(194)
Net cash used in financing activities		(50,332)	(9,516)	(62,670)
Net increase/(decrease) in cash and cash equivalents		19,785	(45,708)	54,553
Cash and cash equivalents at the beginning of the year		228,800	248,585	202,877
Cash and cash equivalents at the end of the year	*18(a)*	248,585	202,877	257,430

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

西安經發物業股份有限公司 Xi'an Kingfar Property Services Co., Ltd. (the "Company") was established in the People's Republic of China (the "PRC") on 5 December 2000 as a limited liability company under the Company Law of the PRC and converted into a joint stock company with limited liability on 29 December 2020. The address of the Company's registered office is Room 10701, Unit 1, Building 3, Xi'an Financial Innovation Center, No. 51 Fengcheng Second Road, Economic and Technological Development Zone, Xi'an, Shaanxi, PRC.

The Company and its subsidiaries (together, the "Group") are principally engaged in the provision of city services, residential property management services and commercial property management services (the "Listing Business") in the PRC. As at 31 December 2023, the Company's immediate parent company is Xi'an Kingfar Group Co., Ltd. ("Kingfar Group") and the Company's ultimate parent company is Xi'an Kingfar Holdings (Group) Co., Ltd. ("Kingfar Holdings").

Pursuant to the Group's reorganisation completed on 30 December 2022 (the "Reorganisation"), as detailed in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group. As part of the Reorganisation, the Company acquired entire interests in Xi'an Jingkai Property Management Co., Ltd. ("Xi'an Jingkai"), Xi'an Jiatai Property Management Service Co., Ltd. ("Xi'an Jiatai") and Xi'an Jingjian Property Management Co., Ltd. ("Xi'an Jingjian") on 30 December 2021 at a total cash consideration of approximately RMB13,406,000 from Xi'an Economic and Technological Development Zone Construction Co., Ltd. ("Xi'an Construction"), Xi'an Export Processing Zone Investment and Construction Co., Ltd. ("Xi'an Export") and Xi'an Jingkai Urban Construction Group Co., Ltd. ("Xi'an Jingkai Urban Construction") respectively, the fellow subsidiaries of the Company. The Company acquired entire equity interests in Xi'an Kingfar City Service Co., Ltd. ("Kingfar City Service", formerly known as Xi'an Kingfar Cleaning Co., Ltd.) on 28 December 2022 at the cash consideration of approximately RMB75,692,000 from Kingfar Group.

As the Company, Xi'an Jingkai, Xi'an Jiatai, Xi'an Jingjian and Kingfar City Service were under the common control of Kingfar Holdings (the "Controlling Shareholder") before and after the Reorganisation and the control was not transitory, there has been a continuation of risks and benefits to the Controlling Shareholder that existed prior to the Reorganisation. Accordingly, the Reorganisation has been accounted for as a restructuring of business under common control in accordance with the principles of merger accounting. The Historical Financial Information represents the consolidated results and financial position of the Group as if the current group structure had been in existence and remained unchanged throughout the Track Record Period, or since the date when the combining entities first came under the control of the Controlling Shareholder, whichever is the shorter period. The assets and liabilities of the entities taking part in the Reorganisation are combined using the existing book values from the Controlling Shareholder's perspective. There is no recognition of any additional goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the Reorganisation to the extent of the continuation of the Controlling Shareholder's interests. Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

The financial statements of the Company for the fiscal years ended 31 December 2021 and 2022 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and audited by Xigema Certified Public Accountants LLP 希格瑪會計師事務所(特殊普通合夥) ("Xigema CPA").

Upon completion of the Reorganisation and as at the date of this report, the Company has direct interests in the following principal subsidiaries, all of which are state-owned companies:

Company name	Place and date of incorporation/ establishment	Particulars of issued and paid-up capital	Proportion of ownership interest held by the Company	Principal activities	Name of statutory auditors
西安經開物業管理有限責任公司 Xi'an Jingkai Property Management Co., Ltd.*	The PRC 15 July 2009	RMB3,000,000	40% *(Note (a))*	Property management services	Xigema CPA for the years ended 31 December 2021, 2022 and 2023
西安加泰物業管理服務有限公司 Xi'an Jiatai Property Management Service Co., Ltd.*	The PRC 1 July 2004	RMB1,000,000	100%	Property management service	Xigema CPA for the years ended 31 December 2021, 2022 and 2023
西安經建物業管理有限責任公司 Xi'an Jingjian Property Management Co., Ltd.*	The PRC 8 June 2010	RMB3,000,000	100%	Property management service	Xigema CPA for the years ended 31 December 2021, 2022 and 2023
西安經發城市服務有限公司 Xi'an Kingfar City Service Co., Ltd.*	The PRC 7 September 2006	RMB10,000,000	100%	Urban cleaning services	China Audit Asia Pacific CPA for the years ended 31 December 2021 and Xigema CPA for the year ended 31 December 2022 and 2023
西安經發環境有限公司 Xi'an Kingfar Environment Co., Ltd.*	The PRC 27 April 2009	RMB4,000,000	100%	Urban cleaning services	China Audit Asia Pacific CPA for the years ended 31 December 2021 and Xigema CPA for the year ended 31 December 2022 and 2023
陜西日行物業管理服務有限公司 Shaanxi Rixing Property Management Service Co., Ltd.*	The PRC 1 June 2022	RMB3,000,000	51%	Property management service	Xigema CPA for the period from 1 June 2022 to 31 December 2022 and 2023
瀋陽經發輝山物業管理有限公司 Shenyang Kingfar Huishan Property Management Co., Ltd.*	The PRC 22 December 2022	RMB500,000	60%	Property management service	No statutory financial statements were prepared for the period from 22 December 2022 to 31 December 2022 Xigema CPA for the year ended 31 December 2023

Company name	Place and date of incorporation/ establishment	Particulars of issued and paid-up capital	Proportion of ownership interest held by the Company	Principal activities	Name of statutory auditors
韓城市城投經發物業服務有限公司 Hancheng City Chengtou Kingfa Property Service Co., Ltd.*	The PRC 24 June 2021	RMB5,000,000	51%	Property management service	Xigema CPA for the period from 24 June 2021 to 31 December 2021 and for the year ended 31 December 2022 and 2023
新疆賽德經發物業管理有限公司 Xinjiang Saide Jingfa Property Management Co., Ltd.*	The PRC 29 December 2020	RMB5,000,000	51%	Property management service	Xigema CPA for the years ended 31 December 2021, 2022 and 2023

Note:

(a) The Company has the power to exercise control over the entity's operating and management activities through the board of directors and therefore Xi'an Jingkai Property Management Co., Ltd. is accounted for as a subsidiary by virtue of the Company's control over it.

* These entities were registered as limited liability companies under the laws and regulations in the PRC and the official name of these entities are in Chinese. The English names are for identification purpose only.

The financial statements of these entities for the respective period were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC.

All companies comprising the Group have adopted 31 December as their financial year 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 that are effective during the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning on 1 January 2023. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning on 1 January 2023 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 of Hong Kong Limited (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 Historical Financial Information is the historical cost basis, except that the investments in debt and equity securities (see Note 2(f)). The Historical Financial Information is presented in RMB, rounded to the nearest thousand unless otherwise stated.

(b) Use of estimates and judgements

The preparation of 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, 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) Business combinations under common control

The Historical Financial Information incorporates the financial statement items of the entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable 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 statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this 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 transitions, balances and unrealised gains on transactions between combining entities or business are eliminated on consolidation.

(d) 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 statement 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 statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 2 (p) or (q) depending on the nature of the liability.

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 joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(k)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(e) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2(k)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 26. These investments are subsequently accounted for as follows, depending on their classification.

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see Note 2(u)(iv)).

– fair value through other comprehensive income (FVOCI) – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– fair value through profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(g) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see Note 2 (j)) 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 cost less accumulated depreciation and accumulated impairment losses (see Note 2(k)). Rental income from investment properties is accounted for as described in Note 2 (u)(vi).

Depreciation is calculated to write off the cost of the investment property, less a residual value, if any, using the straight-line method over its estimated useful life.

(h) Other plant and equipment

The following item of plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(k)).

– right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest; and

– items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see Note 2(j)).

The cost of self-constructed items of 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 (see Note 2(v)).

Gains or losses arising from the retirement or disposal of an item of 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 plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

–	Investment property	40 years
–	Machinery and equipment	5-10 years
–	Vehicles	8 years
–	Right-of-use assets	2-5 years
–	Leasehold improvements	2 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.

(i) Intangible assets (other than goodwill)

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see Note 2(k)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other 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(k)).

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 following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

–	Software	5-10 years
–	Intellectual property	10 years

The estimated useful lives of software are determined based on the expected period of technological or commercial usability of the software. The estimated useful lives of intellectual property are determined based on the respective periods over which such assets can bring economic benefits to the Group.

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.

(j) Leased assets

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 which, for the Group are primarily laptops and office furniture. 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(h) and 2(k)(ii)).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost (see Notes 2(f)(i), 2(u)(iv) and 2(k)(i)). Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

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 rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of IFRS 16 *Leases*. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement 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 is 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 selling price basis. The rental income from operating leases is recognised in accordance with Note 2(u)(vi).

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-term lease to which the Group applies the exemption described in Note 2(j)(i), then the Group classifies the sub-lease as an operating lease.

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

– financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables)

Other financial assets measured at fair value, including other non-equity instruments measured at FVPL 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:

– fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and

– variable-rate financial assets: current effective interest rate.

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, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated on an individual basis 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 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). 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 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, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(u)(iv) 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 reorganisation;
- 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, lease receivable 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, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

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

– investment property stated at cost;

– intangible assets;

– goodwill; and

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

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– *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). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

– *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. An impairment loss in respect of goodwill is not reversed.

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 year in which the reversals are recognised.

(l) Inventories

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

Inventories are carried at the lower of cost and net realisable value as follows:

Cost is calculated using the specific identification method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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.

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.

(m) Contract assets and contract liabilities

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

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(u)). 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(n)).

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 (see Note 2(u)).

(n) 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 (see Note 2(m)).

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method less allowance for credit losses (see Note 2(k)(i)).

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, property pre-sale proceeds held by solicitor that are held for meeting short-term cash commitments, 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 expected credit losses (ECL) in accordance with the policy set out in Note 2(k)(i).

(p) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(v)).

(r) Employee benefits

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

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(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 the Group recognises costs for a restructuring.

(s) 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, 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.

(t) 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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(u) 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 ("VAT") 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) City services

City services represent services to local governments, government agencies and public authorities to improve the local environment and local residents' living experience, which include municipal management services, public property management services and municipal value-added services.

Municipal management services mainly include cleaning and maintenance services to public facility and infrastructure, municipal waste collection services and household garbage collection services to residential communities and enterprises. Revenue from the provision of municipal management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Public property management services mainly include cleaning, security as well as common area facility repair and maintenance services to public properties, such as government buildings, education institutes and hospitals. For property management services, the Group is entitled to retain the full amount of the property management fees received. From the property management fees, the Group shall bear expenses associated with, among others, staff, cleaning, garbage disposal, gardening and landscaping, security and general overheads covering the common areas. During the term of the contract, if the amount of property management fees the Group collected is not sufficient to cover all the expenses incurred, the Group is not entitled to request the property owners to pay the shortfall. Accordingly, the Group recognises as revenue the full amount of property management fees the Group charged to the property owners and property developers on a straight-line basis over the specified period.

Municipal value-added services mainly include commissioned administrative services, catering services and public parking management services. Revenue from value-added services is recognised over time or at a point of time when the relevant services are rendered.

(ii) Residential property management services

Under the residential property management services, the Group provide (a) basic residential property management services and (b) value-added services to property owners and residents, such as carpark space management services, resource management services and other customised services.

For basic residential property management services, the Group is entitled to retain the full amount of the property management fees received. From the property management fees, the Group shall bear expenses associated with, among others, staff, cleaning, garbage disposal, gardening and landscaping, security and general overheads covering the common areas. During the term of the contract, if the amount of property management fees the Group collected is not sufficient to cover all the expenses incurred, the Group is not entitled to request the property owners to pay the shortfall. Accordingly, the Group recognises as revenue the full amount of property management fees the Group charged to the property owners and property developers on a straight-line basis over the specified period.

Revenue from value-added services mainly includes carpark space management services and resource management services recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from value-added services also includes temporary parking service and other customised services such as house cleaning as well as housing repair services, revenue is recognised at point in time when the related value-added services are rendered. Payment of the transaction is due immediately when the services are rendered to the customer.

(iii) Commercial property management services

Under the commercial property management services, the Group provide (a) basic commercial property management services and (b) value-added services property developers, property owners and tenants of commercial properties including office buildings and industrial parks, such as carpark space management services, resource management services and other customised services.

Similar as basic residential property management, for basic commercial property management services, the Group is entitled to retain the full amount of the property management fees received. From the property management fees, the Group shall bear expenses associated with, among others, staff, cleaning, garbage disposal, gardening and landscaping, security and general overheads covering the common areas. During the term of the contract, if the amount of property management fees the Group collected is not sufficient to cover all the expenses incurred, the Group is not entitled to request the property owners to pay the shortfall. Accordingly, the Group recognises as revenue the full amount of property management fees the Group charged to the property owners and property developers on a straight-line basis over the specified period.

Revenue from value-added services mainly includes carpark space management services and resource management services recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from value-added services also includes temporary parking service and other customised services such as house cleaning as well as housing repair services, revenue is recognised at point in time when the related value-added services are rendered. Payment of the transaction is due immediately when the services are rendered to the customer.

(iv) Interest income

Interest income is recognised as it accrues under the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(k)(i)).

(v) Government grants

Government grants are recognised in the statement 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 initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the assets by way of recognised in other income.

(vi) 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.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(w) 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 entities.

(x) 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

Key sources of estimation uncertainty are as follows:

(i) Expected credit loss for financial assets

The credit losses for trade and bills receivables, contract assets and other financial assets including other receivables, amounts due from related parties are based on assumptions about the expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, which are based on the Group's past collection history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 26. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional loss allowances in future periods.

(ii) Depreciation

Investment property and other plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual values. The management reviews the estimated useful lives and the residual values of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The determination of the useful lives and the residual values is based on historical experience with similar assets. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are city services, residential property management services and commercial property management services.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by timing of revenue recognition and principal activities lines is as follows:

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Disaggregated by timing of revenue recognition			
Over time	567,715	677,542	813,551
Point in time	25,945	29,274	48,696
Total	593,660	706,816	862,247
Revenue from contracts with customers within the scope of IFRS 15			
City services	342,064	410,002	524,908
Residential property management services	159,081	176,419	184,170
Commercial property management services	91,995	119,467	149,844
	593,140	705,888	858,922
Revenue from other sources			
Gross rental income	520	928	3,325
Total	593,660	706,816	862,247

For the years ended 31 December 2021, 2022 and 2023, revenue from Xi'an ETDZ MC contributed 34%, 32% and 27% respectively of the Group's revenue. Other than Xi'an ETDZ MC, the Group's customer base is diversified and none of them contributed 10% or more of the Group's revenue during the Track Record Period.

Details of concentrations of credit risk arising from this customer are set out in Note 26(a).

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

For basic residential, commercial and public property management services and municipal management 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 for not to disclose the remaining performance obligations for this type of contracts. The majority of the property management service contracts do not have a fixed term.

For municipal, residential and commercial value-added services, which are generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

(b) Segment reporting

During the Track Record Period, the Group is principally engaged in the provision of city services, residential property management services and commercial property management services in the PRC. Management views the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the management of the Company are of the view that there is only one segment which is used to make strategic decisions.

The Group generated all revenue in the PRC and no non-current assets of the Group are located outside the PRC, accordingly, no analysis of geographic information is presented.

5 OTHER INCOME

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Interest income	1,424	1,384	614
Government grants *(Note (i))*	2,345	1,385	1,745
Changes in fair value of financial assets measured at FVPL	413	–	–
Income from additional deduction on input VAT *(Note (ii))*	1,184	1,381	890
Others	71	131	584
	5,437	4,281	3,833

Notes:

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

(ii) The amount represents the Group's entitlement to additional deduction on input VAT in accordance with the Announcement on Deepening the reform of VAT ([2019] No. 39) (《關於深化增值稅改革有關政策的公告》 ([2019]39號)) issued by the Ministry of Finance, State Administration of Taxation, Customs. There are no unfulfilled conditions or future obligations attached to the entitlements of such additional deduction on input VAT.

6 PROFIT BEFORE TAXATION

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

(a) Finance cost

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities *(Note 18(b))*	119	43	47
Interest on interest-bearing borrowings *(Note 18(b))*	1,868	702	194
Bank and other charges	906	1,010	1,255
	2,893	1,755	1,496

(b) Staff costs

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and other benefits	381,453	434,657	449,655
Contributions to defined contribution retirement plans	27,499	34,332	40,420
	408,952	468,989	490,075

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

The Group has no further obligation for payment of other retirement benefits beyond the above contributions.

(c) Other items

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge *(Note 11)*			
– Owned property and equipment	6,475	7,877	9,620
– Right-of-use assets	1,317	1,317	1,181
	7,792	9,194	10,801
Amortisation cost of intangible assets *(Note 12)*	677	829	1,055
Recognition/(reversal) of impairment loss on trade and other receivables			
– Trade receivables *(Note 26(a))*	1,670	4,103	(740)
– Bills receivable *(Note 26(a))*	–	–	70
– Other receivables	(508)	1,084	4,541
	1,162	5,187	3,871
Auditors' remuneration			
– Audit services	682	653	570
Net (gain)/loss on disposal of other plant and equipment	(42)	28	19
Cost of inventories *(Note 15(b))*	61,309	67,726	73,214

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

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

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Current tax – PRC Corporate Income Tax			
Provision for the year *(Note 23(a))*	8,607	12,671	13,026
Deferred tax			
Origination and reversal of temporary differences *(Note 23(b))*	(875)	(1,711)	(902)
Effect on deferred tax balances at 1 January resulting from a change in tax rate *(Note 23(b))*	–	–	32
	7,732	10,960	12,156

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

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Profit before taxation	38,887	48,399	63,174
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdiction concerned *(Note (i))*	9,722	12,099	15,793
Tax concessions *(Note (ii))*	(1,860)	(3,308)	(3,438)
Tax relief related to additional tax deduction on Small Low-profit Enterprise *(Note (iii))*	(420)	(781)	(926)
Tax effect of non-deductible expenses	410	553	808
Tax effect of deemed distribution	–	2,505	–
Tax relief related to additional deduction on the employment of disabled individuals *(Note (iv))*	(120)	(108)	(113)
Effect on deferred tax balances at 1 January resulting from a change in tax rate	–	–	32
Actual tax expense	7,732	10,960	12,156

Notes:

(i) The provision for PRC income tax is based on a statutory rate of 25% of the assessable income of the Company's mainland China subsidiaries as determined in accordance with the relevant income tax rules and regulations of the PRC.

(ii) Certain subsidiaries of the Group established in the PRC are entitled to tax benefits applicable to entities under the Second Phase of the Western Region Development Plan of the PRC, and enjoy a preferential PRC Corporate Income Tax rate of 15% for the calendar years from 2011 to 2020. In 2020, the State Administration of Taxation issued the preferential PRC Corporate Income Tax policies for entities under the Third Phase of the Western Region Development Plan of the PRC (the "Policies"), which is effective from 1 January 2021 to 31 December 2030. Certain subsidiaries of the Group established in the PRC are entitled to tax benefits applicable to entities under the Policies and enjoy a preferential PRC Corporate Income Tax rate of 15% for the calendar years from 2021 to 2030.

(iii) Certain subsidiaries have been approved as Small Low-profit Enterprises. The entitled subsidiaries are subject to a preferential income tax rate of 2.5%, 5% or 10% during the Track Record Period.

(iv) Certain subsidiaries are entitled to an additional 100% deduction of costs incurred for its employment of disabled individuals.

8 DIRECTORS' AND SUPERVISORS' REMUNERATION

	Year ended 31 December 2021				
	Directors fees	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Wu Suozheng	–	552	144	53	749
Mr. Sun Qi	–	507	128	49	684
Non-Executive directors					
Ms. Yuan Hua	–	–	–	–	–
Mr. Zhang Zhonggang	–	–	–	–	–
Ms. Yin Hua	–	–	–	–	–
Supervisors					
Mr. Zhao Junping	–	–	–	–	–
Mr. Bai Xiong	–	–	–	–	–
Mr. Geng Hexiang	–	164	21	22	207
	–	1,223	293	124	1,640

	Year ended 31 December 2022				
	Directors fees	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Wu Suozheng	–	559	196	73	828
Mr. Sun Qi	–	514	171	63	748
Non-Executive directors					
Ms. Yuan Hua	–	–	–	–	–
Mr. Zhang Zhonggang	–	–	–	–	–
Mr. Zhao Junping (re-designated as director on 25 August 2022)	–	–	–	–	–
Ms. Yin Hua (resigned on 25 August 2022)	–	–	–	–	–
Supervisors					
Mr. Zhao Junping (re-designated as director on 25 August 2022)	–	–	–	–	–
Ms. Li Li (appointed on 25 August 2022)	–	128	11	7	146
Mr. Bai Xiong	–	–	–	–	–
Mr. Geng Hexiang	–	161	30	32	223
	–	1,362	408	175	1,945

	Year ended 31 December 2023				
	Directors fees *RMB'000*	**Salaries, allowances and benefits in kind** *RMB'000*	**Discretionary bonuses** *RMB'000*	**Retirement scheme contributions** *RMB'000*	**Total** *RMB'000*
Executive directors					
Mr. Wu Suozheng	–	644	151	76	871
Mr. Sun Qi	–	603	138	66	807
Mr. Cheng Hongrang (appointed on 15 May 2023)	–	348	120	42	510
Non-Executive directors					
Mr. Zhao Junping	–	–	–	–	–
Mr. Yang Gang (appointed on 15 May 2023)	–	–	–	–	–
Ms. Li Lingxiao (appointed on 15 May 2023)	–	–	–	–	–
Ms. Yuan Hua (resigned on 15 May 2023)	–	–	–	–	–
Mr. Zhang Zhonggang (resigned on 15 May 2023)	–	–	–	–	–
Supervisors					
Ms. Li Li (resigned on 2 April 2024)	–	307	32	17	356
Mr. Bai Xiong	–	–	–	–	–
Mr. Geng Hexiang	–	164	30	35	229
	–	2,066	471	236	2,773

On 18 January 2013, Mr. Wu Suozheng was appointed as executive director of the Company. On 28 December 2020, Mr. Sun Qi was appointed as executive director of the Company. On 15 May 2023, Mr. Cheng Hongrang was appointed as executive director of the Company. On 28 December 2020, Ms. Yuan Hua, Mr. Zhang Zhonggang and Ms. Yin Hua were appointed as non-executive directors of the Company. On 15 May 2023, Mr. Yang Gang and Ms. Li Lingxiao were appointed as non-executive directors and Ms. Yuan Hua and Mr. Zhang Zhonggang were resigned as non-executive directors of the Company. On 24 December 2020, Mr. Geng Hexiang was appointed as supervisor of the Company. On 28 December 2020, Mr. Zhao Junping and Mr. Bai Xiong were appointed as supervisors of the Company. On 25 August 2022, Mr. Zhao Junping was re-designated from supervisor to director, Ms. Yin Hua resigned as non-executive director and Ms. Li Li was appointed as supervisor of the Company. On 2 April 2024, Ms. Li Li was resigned as supervisor of the Company and Mr. Li Gang was appointed as supervisor of the Company.

During the Track Record Period, apart from Mr. Wu Suozheng, Mr. Sun Qi, Mr. Cheng Hongrang, Ms. Li Li and Mr Geng Hexiang, other directors or supervisors were not paid directly by the Group but received remuneration from the Group's holding company or the fellow subsidiaries of the Company, in respect of their services to the larger group which includes the Group. No apportionment has been made as the qualifying services provided by them to the Group are incidental to their responsibilities to the larger group.

During the Track Record Period, there were no amounts paid or payable by the Group to the directors, supervisors or any of the five highest paid individuals set out in Note 9 below as an inducement to join or upon joining the Group or as compensation for loss of office.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the Track Record Period, of the five individuals with the highest emoluments, 2, 2 and 2 are directors of the Company for the years ended 31 December 2021, 2022 and 2023, respectively, whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining 3, 3 and 3 individuals during the Track Record Period are as follows:

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other emoluments	1,312	1,331	1,471
Discretionary bonuses	296	414	333
Retirement scheme contributions	146	199	208
	1,754	1,944	2,012

	Year ended 31 December		
	2021	**2022**	**2023**
	Number of individuals	*Number of individuals*	*Number of individuals*
HKD Nil – HKD1,000,000	3	3	3

10 EARNINGS PER SHARE

(a) Basic and diluted earnings per share

For the years ended 31 December 2021, 2022 and 2023, the calculation of basic and diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB32,187,000, RMB37,501,000 and RMB49,726,000 respectively, and the weighted average number of 42,716,000, 47,269,000 and 50,000,000 ordinary shares in issue during each of the year within the Track Record Period.

Weighted average number of ordinary shares

	Year ended 31 December		
	2021	**2022**	**2023**
	'000	*'000*	*'000*
Issued ordinary shares at 1 January	42,716	42,716	50,000
Effect of issued ordinary shares	–	4,553	–
Weighted average number of ordinary shares at 31 December	42,716	47,269	50,000

11 INVESTMENT PROPERTY AND OTHER PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

The Group

	Machinery and equipment *RMB'000*	Vehicles *RMB'000*	Right-of-use assets *RMB'000*	Leasehold improvements *RMB'000*	Sub-total *RMB'000*	Investment property *RMB'000*	Total *RMB'000*
Cost:							
At 1 January 2021	13,726	41,815	5,270	–	60,811	14,855	75,666
Additions	2,388	16,798	–	–	19,186	–	19,186
Disposals	(393)	(742)	–	–	(1,135)	–	(1,135)
At 31 December 2021	15,721	57,871	5,270	–	78,862	14,855	93,717
Additions	2,770	9,282	–	470	12,522	–	12,522
Acquisition of a subsidiary *(Note 27)*	144	4	–	–	148	–	148
Disposals	(174)	(61)	–	–	(235)	–	(235)
At 31 December 2022	18,461	67,096	5,270	470	91,297	14,855	106,152
Additions	2,400	9,639	1,324	–	13,363	–	13,363
Disposals	(347)	(224)	(5,270)	–	(5,841)	–	(5,841)
At 31 December 2023	20,514	76,511	1,324	470	98,819	14,855	113,674
Accumulated depreciation:							
At 1 January 2021	(7,342)	(16,801)	(1,976)	–	(26,119)	(3,868)	(29,987)
Charge for the year	(1,540)	(4,582)	(1,317)	–	(7,439)	(353)	(7,792)
Written back on disposals	337	697	–	–	1,034	–	1,034
At 31 December 2021	(8,545)	(20,686)	(3,293)	–	(32,524)	(4,221)	(36,745)
Charge for the year	(1,619)	(5,884)	(1,317)	(21)	(8,841)	(353)	(9,194)
Written back on disposals	147	58	–	–	205	–	205
At 31 December 2022	(10,017)	(26,512)	(4,610)	(21)	(41,160)	(4,574)	(45,734)
Charge for the year	(1,691)	(7,341)	(1,181)	(235)	(10,448)	(353)	(10,801)
Written back on disposals	319	212	5,270	–	5,801	–	5,801
At 31 December 2023	(11,389)	(33,641)	(521)	(256)	(45,807)	(4,927)	(50,734)
Carrying amount:							
At 31 December 2023	9,125	42,870	803	214	53,012	9,928	62,940
At 31 December 2022	8,444	40,584	660	449	50,137	10,281	60,418
At 31 December 2021	7,176	37,185	1,977	–	46,338	10,634	56,972

The Company

	Machinery and equipment *RMB'000*	Vehicles *RMB'000*	Right-of-use assets *RMB'000*	Sub-total *RMB'000*	Investment property *RMB'000*	Total *RMB'000*
Cost:						
At 1 January 2021	8,163	3,065	5,270	16,498	14,855	31,353
Additions	1,423	1,004	–	2,427	–	2,427
Disposals	(312)	(576)	–	(888)	–	(888)
At 31 December 2021	9,274	3,493	5,270	18,037	14,855	32,892
Additions	1,606	5,054	–	6,660	–	6,660
Disposals	(115)	(10)	–	(125)	–	(125)
At 31 December 2022	10,765	8,537	5,270	24,572	14,855	39,427
Additions	1,237	1,248	522	3,007	–	3,007
Disposals	(215)	(54)	(5,270)	(5,539)	–	(5,539)
At 31 December 2023	11,787	9,731	522	22,040	14,855	36,895
Accumulated depreciation:						
At 1 January 2021	(4,396)	(1,184)	(1,976)	(7,556)	(3,868)	(11,424)
Charge for the year	(871)	(382)	(1,317)	(2,570)	(353)	(2,923)
Written back on disposals	266	540	–	806	–	806
At 31 December 2021	(5,001)	(1,026)	(3,293)	(9,320)	(4,221)	(13,541)
Charge for the year	(858)	(398)	(1,317)	(2,573)	(353)	(2,926)
Written back on disposals	93	9	–	102	–	102
At 31 December 2022	(5,766)	(1,415)	(4,610)	(11,791)	(4,574)	(16,365)
Charge for the year	(955)	(995)	(791)	(2,741)	(353)	(3,094)
Written back on disposals	199	51	5,270	5,520	–	5,520
At 31 December 2023	(6,522)	(2,359)	(131)	(9,012)	(4,927)	(13,939)
Carrying amount:						
At 31 December 2023	5,265	7,372	391	13,028	9,928	22,956
At 31 December 2022	4,999	7,122	660	12,781	10,281	23,062
At 31 December 2021	4,273	2,467	1,977	8,717	10,634	19,351

(b) Right-of-use asset

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

The Group

	Note	As at 31 December		
		2021	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*
Properties leased for own use, carried at depreciated cost	*(i)*			
– Office buildings		1,977	660	803

The Company

	Note	As at 31 December		
		2021	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*
Properties leased for own use, carried at depreciated cost	*(i)*			
– Office buildings		1,977	660	391

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

The Group

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying assets:			
– Office buildings	1,317	1,317	1,181
Interest on lease liabilities *(Note 6(a))*	119	43	47
Expense relating to short-term leases	789	886	1,058

The Company

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying assets:			
– Office buildings	1,317	1,317	791
Interest on lease liabilities *(Note 6(a))*	119	43	–
Expense relating to short-term leases	–	–	776

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Note 18(c) and Note 22 respectively.

Note:

(i) The Group has obtained the right to use properties as its office spaces through tenancy agreements. The leases typically run for an initial period of 2 to 5 years.

(c) Investment property

The investment property was valued to be RMB11,400,000, RMB11,500,000 and RMB11,000,000 as at 31 December 2021, 2022 and 2023, respectively, using discounted cash flow techniques based on contracted and expected cash inflows and outflows arising from the investment property. The fair value measurements are categorised into Level 3 which incorporates significant unobservable inputs. The valuations were carried out by APAC Asset Valuation and Consulting Limited, an independent professional qualified valuer.

12 INTANGIBLE ASSETS

The Group

	Software *RMB'000*	**Intellectual property** *RMB'000*	**Total** *RMB'000*
Cost:			
At 1 January 2021	5,077	–	5,077
Additions	684	1,628	2,312
At 31 December 2021	5,761	1,628	7,389
Additions	1,968	164	2,132
Acquisition of a subsidiary *(Note 27)*	128	–	128
At 31 December 2022	7,857	1,792	9,649
Additions	2,660	–	2,660
At 31 December 2023	10,517	1,792	12,309
Accumulated amortisation:			
At 1 January 2021	(2,333)	–	(2,333)
Charge for the year	(528)	(149)	(677)
At 31 December 2021	(2,861)	(149)	(3,010)
Charge for the year	(659)	(170)	(829)
At 31 December 2022	(3,520)	(319)	(3,839)
Charge for the year	(876)	(179)	(1,055)
At 31 December 2023	(4,396)	(498)	(4,894)
Carrying amount:			
At 31 December 2023	6,121	1,294	7,415
At 31 December 2022	4,337	1,473	5,810
At 31 December 2021	2,900	1,479	4,379

The Company

	Software	Intellectual property	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2021	4,195	–	4,195
Additions	684	1,628	2,312
At 31 December 2021	4,879	1,628	6,507
Additions	689	–	689
At 31 December 2022	5,568	1,628	7,196
Additions	2,616	–	2,616
At 31 December 2023	8,184	1,628	9,812
Accumulated amortisation:			
At 1 January 2021	(1,517)	–	(1,517)
Charge for the year	(512)	(149)	(661)
At 31 December 2021	(2,029)	(149)	(2,178)
Charge for the year	(616)	(163)	(779)
At 31 December 2022	(2,645)	(312)	(2,957)
Charge for the year	(707)	(163)	(870)
At 31 December 2023	(3,352)	(475)	(3,827)
Carrying amount:			
At 31 December 2023	4,832	1,153	5,985
At 31 December 2022	2,923	1,316	4,239
At 31 December 2021	2,850	1,479	4,329

Amortisation of intangible assets has been charged to administrative and other expenses in the consolidated statements of profit or loss and other comprehensive income.

13 GOODWILL

	Note	*RMB'000*
Cost:		
At 1 January 2021 and 31 December 2021		–
Addition	*27*	1,769
At 31 December 2022 and 31 December 2023		1,769
Accumulated impairment losses:		
At 1 January 2021, 31 December 2021, 31 December 2022 and 31 December 2023		–
Carrying amount:		
At 31 December 2023		1,769
At 31 December 2022		1,769
At 31 December 2021		–

Impairment tests for cash-generating units containing goodwill

On 1 June 2022, the Group completed the acquisition of Shaanxi Rixing Property Management Service Co., Ltd. ("Shaanxi Rixing") (see Note 27) at a consideration of RMB933,000, which result in the recognition of goodwill of RMB1,769,000.

For the purpose of impairment testing, the Group's goodwill acquired through the above business combination was related to the subsidiary which was regarded as a cash-generating unit ("CGU").

The recoverable amount of the CGU as at 31 December 2022 and 2023 were determined based on value-in-use calculation. The calculation uses cash flow projection based on financial budget prepared by the directors of the Company covering a five-year period. The cash flow projection adopted annual revenue growth rates ranging from 0% to 10%, which are based on the Group's historical experience with the operation and adjusted for other factors that are specific to the CGU. Cash flows beyond the five-year period as at 31 December 2022 and 2023 are extrapolated using an estimate weighted average growth rate of 3% and 0% which is consistent with market consensus on long-term growth rate of property management service market in the PRC. The cash flows are discounted using a discount rate of 16.9% and 14.0% as at 31 December 2022 and 31 December 2023, respectively. The discount rate used is pre-taxed and reflect specific risks relating to the cash-generating unit.

The headroom measured by the excess of the recoverable amount over the carrying amount of the CGU as of 31 December 2022 and 31 December 2023 are RMB95,000 and RMB1,149,000, respectively.

Management has undertaken sensitivity analysis on the impairment test of goodwill. The hypothetical increases in the discount rate by 3% and 6% or decreases in annual revenue growth rate by 3% and 2% would, in isolation, have removed the remaining headroom as at 31 December 2022 and 31 December 2023, respectively.

The management of the Group considered there was no material change in the key assumptions mentioned above that would cause the carrying amount of CGU to exceed its recoverable amount. The management of the Group determined that there was no impairment of its CGU.

14 PREPAYMENTS FOR ACQUISITION OF PROPERTIES

The amounts represent the payments made by the Group for its acquisition of commercial properties that are situated in the PRC. On 18 January 2023, the Group entered into an acquisition agreement with a related party, Xi'an Financial Center Construction and Development Co., Ltd. to purchase part of the properties for an aggregate consideration of RMB36,611,000. These properties are intended to be used by the Group as offices. The directors of the Group in the view that the acquisition is expected to be consummated in June 2024.

15 INVENTORIES

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

The Group

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials and consumables	1,188	1,316	840

The Company

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials and consumables	579	479	225

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

The Group

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of inventories consumed	61,309	67,726	73,214

The Company

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of inventories consumed	41,765	46,782	52,684

All of the inventories are expected to be recovered within one year.

16 TRADE AND OTHER RECEIVABLES

The Group

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Bills receivable	309	502	6,329
Trade receivables			
– Related parties	34,981	44,533	22,938
– Third parties	90,586	168,555	190,517
	125,876	213,590	219,784
Less: allowance for doubtful debts *(Note 26(a))*	(6,570)	(10,673)	(10,003)
Trade and bills receivables, net of loss allowance	119,306	202,917	209,781
Amounts due from related parties			
– Non-trade nature *(Note 28(c)(ii))*	8,500	7,500	–
Deposits	2,458	3,149	4,700
Receipts and payments on behalf of property owners	10,444	23,854	26,891
Prepayments in connection with the proposed initial listing of the Company's H shares *(Note (i))*	–	–	19,266
Others	5,312	6,785	7,186
Less: allowance for other receivables	(140)	(1,224)	(5,765)
Other receivables, net of loss allowance	26,574	40,064	52,278
Financial assets measured at amortised cost	145,880	242,981	262,059
VAT recoverable	398	392	248
	146,278	243,373	262,307
Reconciliation to the consolidated statements of financial position:			
Non-current	7,463	–	–
Current	138,815	243,373	262,307
	146,278	243,373	262,307

Notes:

(i) The balance at 31 December 2023 will be transferred to the capital reserve within equity upon the listing of the Company's shares on the Stock Exchange.

(ii) Apart from the amounts due from related parties amounting to RMB8,500,000 and RMB7,500,000 as at 31 December 2021 and 2022, respectively, which the maturity date is 5 May 2023 (see Note 28(c)(ii)), other amounts of the trade and other receivables of the Group are expected to be recovered within one year.

The Company

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Bills receivable	–	–	4,746
Trade receivables			
– Related parties	12,330	18,443	11,039
– Third parties	47,228	87,394	101,174
	59,558	105,837	116,959
Less: allowance for doubtful debts	(2,654)	(4,303)	(4,827)
Trade and bills receivables, net of loss allowance	56,904	101,534	112,132
Amounts due from related parties			
– Non-trade nature	–	8,000	3,000
Deposits	1,861	2,496	3,769
Receipts and payments on behalf of property owners	3,874	9,295	9,860
Prepayments in connection with the proposed initial listing of the Company's H shares *(Note (i))*	–	–	19,266
Others	2,612	3,599	4,548
Less: allowance for other receivables	(42)	(117)	(202)
Other receivables, net of loss allowance	8,305	23,273	40,241
Financial assets measured at amortised cost	65,209	124,807	152,373

Amounts due from related parties of the Company are unsecured and interest-free.

All of the trade and other receivables of the Company, net of allowance, are expected to be recovered within one year.

Ageing analysis

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

The Group

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	100,066	161,103	182,289
1 to 2 years	16,744	34,497	18,857
2 to 3 years	2,496	7,317	8,635
	119,306	202,917	209,781

The Company

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	51,209	85,447	97,210
1 to 2 years	5,142	13,013	10,634
2 to 3 years	553	3,074	4,288
	56,904	101,534	112,132

Further details of the Group's credit policy and credit risk arising from trade debtors are set out in Note 26(a).

17 PREPAYMENTS

The Group

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments to:			
– Related parties	29	66	52
– Third parties	6,165	6,944	7,073
	6,194	7,010	7,125

The Company

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments to:			
– Related parties	29	28	13
– Third parties	4,498	5,061	5,037
	4,527	5,089	5,050

All of the prepayments are expected to be recognised as expenses within one year.

18 CASH AT BANK AND ON HAND AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Cash on hand	62	11	15
Cash at bank	249,178	207,859	258,463
Cash at bank and on hand	249,240	207,870	258,478
Less: restricted cash at bank	(655)	(4,993)	(1,048)
Cash and cash equivalents	248,585	202,877	257,430

The Company

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank	142,428	88,810	96,949
Less: restricted cash at bank	(2)	(2)	(3)
Cash and cash equivalents	142,426	88,808	96,946

(b) 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.

	Interest-bearing borrowings	**Payables for interest expenses**	**Lease liabilities**	**Amount due to related parties**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 19)		*(Note 22)*		
At 1 January 2021	55,500	–	2,611	85,516	143,627
Changes from financing cash flows:					
Repayments of interest-bearing borrowings	(41,500)	–	–	–	(41,500)
Payments to related parties	–	–	–	(9,293)	(9,293)
Interest paid	–	(1,868)	–	–	(1,868)
Interest element of lease rentals paid	–	–	(119)	–	(119)
Capital element of lease rentals paid	–	–	(1,272)	–	(1,272)
Total changes from financing cash flows	(41,500)	(1,868)	(1,391)	(9,293)	(54,052)

	Interest-bearing borrowings RMB'000 *(Note 19)*	Payables for interest expenses RMB'000	Lease liabilities RMB'000 *(Note 22)*	Amount due to related parties RMB'000	Total RMB'000
Other changes:					
Interest on interest-bearing borrowings *(Note 6(a))*	–	1,868	–	–	1,868
Interest on lease liabilities *(Note 6(a))*	–	–	119	–	119
Other changes *(Note (i))*	–	–	–	(76,223)	(76,223)
Total other changes	–	1,868	119	(76,223)	(74,236)
At 31 December 2021	14,000	–	1,339	–	15,339

Note:

(i) The amounts represented the payable offset by receivables according to the agreement entered into among Xi'an Jiatai, Xi'an Export and two subsidiaries of Xi'an Export rather than by cash.

	Interest-bearing borrowings RMB'000 *(Note 19)*	Payables for interest expenses RMB'000	Lease liabilities RMB'000 *(Note 22)*	Total RMB'000
At 1 January 2022	14,000	–	1,339	15,339
Changes from financing cash flows:				
Repayments of interest-bearing borrowings	(2,000)	–	–	(2,000)
Interest paid	–	(702)	–	(702)
Interest element of lease rentals paid	–	–	(43)	(43)
Capital element of lease rentals paid	–	–	(1,339)	(1,339)
Total changes from financing cash flows	(2,000)	(702)	(1,382)	(4,084)
Other changes:				
Interest on interest-bearing borrowings *(Note 6(a))*	–	702	–	702
Interest on lease liabilities *(Note 6(a))*	–	–	43	43
Total other changes	–	702	43	745
At 31 December 2022	12,000	–	–	12,000

	Interest-bearing borrowings RMB'000 (Note 19)	Payables for interest expenses RMB'000	Lease liabilities RMB'000 (Note 22)	Total RMB'000
At 1 January 2023	12,000	–	–	12,000
Changes from financing cash flows:				
Repayments of interest-bearing borrowings	(12,000)	–	–	(12,000)
Interest paid	–	(194)	–	(194)
Interest element of lease rentals paid	–	–	(47)	(47)
Capital element of lease rentals paid	–	–	(373)	(373)
Total changes from financing cash flows	(12,000)	(194)	(420)	(12,614)
Other changes:				
Interest on interest-bearing borrowings *(Note 6(a))*	–	194	–	194
Interest on lease liabilities *(Note 6(a))*	–	–	47	47
Increase in lease liabilities from entering into new leases during the year	–	–	1,324	1,324
Total other changes	–	194	1,371	1,565
At 31 December 2023	–	–	951	951

(c) Total cash outflow for leases

Amounts included in the consolidated statements of cash flows for leases comprise the following:

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within operating cash flows	789	886	1,058
Within financing cash flows	1,391	1,382	420
	2,180	2,268	1,478

These amounts relate to the following:

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Lease rentals paid	2,180	2,268	1,478

19 INTEREST-BEARING BORROWINGS

At 31 December 2021, 2022 and 2023, the interest-bearing borrowings were as follows:

The Group

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Bank loans, unsecured and guaranteed by Kingfar Group	8,500	7,500	–
Bank loans, unsecured and guaranteed by the fellow subsidiaries of the Company	5,500	4,500	–
	14,000	12,000	–

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year or on demand	2,000	12,000	–
After 1 year	12,000	–	–
	14,000	12,000	–

20 TRADE AND OTHER PAYABLES

The Group

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
– Related parties	2,386	5,072	6,475
– Third parties	40,585	47,290	112,651
	42,971	52,362	119,126
Amounts due to related parties *(Note 28(c)(iii))*			
– Non-trade nature	634	1,268	1,766
– Considerations payable to related parties for business combinations under common control	13,406	75,692	37,846
	14,040	76,960	39,612
Other payables and accrued expenses:			
– Accrued payroll and other benefits	120,998	132,357	138,907
– Deposits	20,798	23,189	23,391
– Receipts and payments on behalf of property owners	77,159	82,461	95,719
– Receipts on behalf of residents/tenants	14,880	17,559	18,021
– Dividend payables	834	834	834
– Payables for expenditures incurred in connection with the proposed initial listing of the Company's H share	–	–	5,695
– Others	11,061	11,189	18,825
	259,770	344,549	341,004
Financial liabilities measured at amortised cost	302,741	396,911	460,130
Other taxes payable	7,127	5,140	6,385
	309,868	402,051	466,515

The Company

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
– Related parties	2,221	4,981	3,658
– Third parties	8,723	11,231	71,998
	10,944	16,212	75,656
Amounts due to related parties			
– Non-trade nature	–	–	527
– Considerations payable to related parties for business combinations under common control	13,406	86,005	37,846
	13,406	86,005	38,373
Other payables and accrued expenses:			
– Accrued payroll and other benefits	66,127	71,107	69,973
– Deposits	13,808	14,985	15,839
– Receipts and payments on behalf of property owners	53,514	34,577	48,626
– Receipts on behalf of residents/tenants	14,880	13,922	14,329
– Payables for expenditures incurred in connection with the proposed initial listing of the Company's H share	–	–	5,695
– Others	6,303	4,408	8,254
	168,038	225,004	201,089
Financial liabilities measured at amortised cost	178,982	241,216	276,745
Other taxes payable	3,019	1,806	3,537
	182,001	243,022	280,282

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

The Group

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	40,617	45,060	107,315
Over 1 year	2,354	7,302	11,811
	42,971	52,362	119,126

The Company

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	10,684	15,493	75,299
Over 1 year	260	719	357
	10,944	16,212	75,656

As at 31 December 2021, 2022 and 2023, all of the trade and other payables of the Group and the Company are expected to be settled within one year or are repayable on demand.

21 CONTRACT LIABILITIES

The Group

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities			
Prepayments received for rendering the services			
– Related parties	71	140	109
– Third parties	24,232	25,743	38,868
	24,303	25,883	38,977

The Company

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities			
Prepayments received for rendering the services			
– Related parties	23	17	–
– Third parties	21,168	19,268	26,709
	21,191	19,285	26,709

Movements in contract liabilities

The Group

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Balance at 1 January	17,176	24,303	25,883
Increase in contract liabilities as a result of billing in advance	24,303	25,182	38,977
Increase in contract liabilities as a result of acquisition of a subsidiary *(Note 27)*	–	701	–
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(17,176)	(24,303)	(25,883)
Balance at 31 December	24,303	25,883	38,977

The Company

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Balance at 1 January	12,268	21,191	19,285
Increase in contract liabilities as a result of billing in advance	21,191	19,285	26,709
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(12,268)	(21,191)	(19,285)
Balance at 31 December	21,191	19,285	26,709

The Group received a prepayment before rendering the services. This will give rise to contract liabilities at the start of a contract, until the revenue recognised on the project exceeds the amount of the deposit.

None of the Group's and the Company's amounts of contract liabilities are expected to be recognised as income for more than one year as at 31 December 2021, 2022 and 2023, respectively.

22 LEASE LIABILITIES

At 31 December 2021, 2022 and 2023, the lease liabilities were repayable as follows:

The Group

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	1,339	–	676
After 1 year but within 2 years	–	–	275
	1,339	–	951

The Company

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	1,339	–	261
After 1 year but within 2 years	–	–	275
	1,339	–	536

23 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

The Group

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
PRC Corporate Income Tax			
At 1 January	7,024	7,133	12,879
Charged to profit or loss *(Note 7(a))*	8,607	12,671	13,026
Acquisition of a subsidiary *(Note 27)*	–	281	–
Payments during the year	(8,498)	(7,206)	(21,701)
At 31 December	7,133	12,879	4,204

The Company

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
PRC Corporate Income Tax			
At 1 January	1,869	5,764	8,284
Charged to profit or loss	4,610	6,999	5,890
Payments during the year	(715)	(4,479)	(11,590)
At 31 December	5,764	8,284	2,584

(b) Deferred tax assets recognised

The component of deferred tax assets recognised in the consolidated statements of financial position and the movements during the Track Record Period are as follows:

The Group

Deferred tax arising from:	**Credit loss allowance**	**Provision and accrued expense**	**Tax losses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021	841	8,091	–	8,932
Credited to profit or loss *(Note 7(a))*	168	614	93	875
At 31 December 2021 and 1 January 2022	1,009	8,705	93	9,807
Credited to profit or loss *(Note 7(a))*	790	890	31	1,711
At 31 December 2022 and 1 January 2023	1,799	9,595	124	11,518
Credited/(charged) to profit or loss *(Note 7(a))*	579	(501)	824	902
Effect on deferred tax balances resulting from a change in tax rate *(Note 7(a))*	9	32	(73)	(32)
At 31 December 2023	2,387	9,126	875	12,388

The Company

Deferred tax arising from:	Credit loss allowance *RMB'000*	Provision and accrued expense *RMB'000*	Total *RMB'000*
At 1 January 2021	356	3,330	3,686
Credited to profit or loss	48	370	418
At 31 December 2021 and 1 January 2022	404	3,700	4,104
Credited to profit or loss	260	658	918
At 31 December 2022 and 1 January 2023	664	4,358	5,022
Credited/(charged) to profit or loss	90	(501)	(411)
At 31 December 2023	754	3,857	4,611

24 LONG-TERM PAYABLES

According to the Notice on the Working Plan of Accelerating the State-owned Enterprises' Divestment from Public Service Function and Solving Historical Issues (Guo Fa [2016] No. 19) (《關於印發加快剝離國有企業辦社會職能和解決歷史遺留問題工作方案的通知》 (國發[2016]19號)), relevant parties shall fully facilitate the divestment and transfer of "Three Supplies and Property Management Business" for residential properties of employees of state-owned enterprises, and carry out necessary maintenance and renovation for relevant equipment and facilities related to water supply, power supply and etc. in order to meet the general standard for municipal infrastructure. In addition, separate account shall be set up for each household and relevant fees shall be collected for corresponding accounts, and such business shall be managed by professional enterprises or institutions on a market-oriented basis (the "Divestment and Transfer").

As the transferee in respect of the Divestment and Transfer, long-term payables represent the balance of fees received from the transferors to carry out maintenance and renovation beyond one year.

25 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

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

	Share capital *RMB'000* *(Note 25(b))*	Capital reserve *RMB'000*	Statutory reserve *RMB'000*	(Accumulated losses)/ retained profits *RMB'000*	Total *RMB'000*
Balance at 1 January 2021	42,716	–	818	(14,688)	28,846
Changes in equity for the year:					
Profit and total comprehensive income for the year	–	–	–	21,535	21,535
Appropriation to reserves	–	–	2,153	(2,153)	–
Deemed distribution	–	–	–	(11,807)	(11,807)

	Share capital	Capital reserve	Statutory reserve	(Accumulated losses)/ retained profits	Total
	RMB'000 *(Note 25(b))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 31 December 2021 and 1 January 2022	42,716	–	2,971	(7,113)	38,574
Changes in equity for the year:					
Profit and total comprehensive income for the year	–	–	–	31,190	31,190
Appropriation to reserves	–	–	3,119	(3,119)	–
Issuance of new shares	7,284	–	–	–	7,284
Deemed distribution	–	–	(792)	(3,524)	(4,316)
Balance at 31 December 2022 and 1 January 2023	50,000	–	5,298	17,434	72,732
Changes in equity for the year:					
Profit and total comprehensive income for the year	–	–	–	33,241	33,241
Appropriation to reserves	–	–	3,324	(3,324)	–
Capital injection	–	84	–	–	84
Balance at 31 December 2023	50,000	84	8,622	47,351	106,057

(b) Share capital

The share capital in the Group's consolidated statement of financial position represents the share capital of the Company as at 31 December 2021, 2022 and 2023, which was RMB42,716,000, RMB50,000,000 and RMB50,000,000, respectively. The movements are as follows:

	No. of shares	Share capital
		RMB'000
As at 1 January 2021, 31 December 2021 and 1 January 2022	42,716,000	42,716
Issuance of new shares *(Note (i))*	7,284,000	7,284
As at 31 December 2022, 1 January 2023 and 31 December 2023	50,000,000	50,000

Note:

(i) On 20 May 2022, the Company issued 7,284,000 ordinary shares at a consideration of RMB7,284,000 to Kingfar Group.

(c) Nature and purpose of reserves

(i) Capital reserve

For the purpose of the Historical Financial Information, capital reserve mainly represents the aggregate amount of paid-in capital and reserves of the companies now comprising the Group after elimination of investment in subsidiaries at the respective dates.

(ii) ***Statutory 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.

(d) Dividends

No dividends were paid or declared by the Company or its subsidiaries comprising the Group during the Track Record Period.

(e) 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 equity 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's overall strategy remains unchanged throughout the Track Record Period.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends as well as the issue of new debt or the redemption of existing debt.

The Group is not subject to externally imposed capital requirements throughout the Track Record Period.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and interest rate risks arises in the normal course of the Group's business. The Group is not subject to any significant currency risk.

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.

(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 cash at bank, trade and bills receivables, prepayments, deposits and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents and bills receivable are limited because the counterparties are banks with a high credit standing assigned by the management of the Group, to which the Group considers to have 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.

In respect of amounts due from related parties for non-trade nature, deposits and other receivables, the Group has assessed that the expected credit loss rate for these receivables is immaterial under 12 months expected losses method based on historical settlement records and looking-forward information. Thus, the Group's exposure to credit risk arising from these receivables is calculated using an expected loss rate of 0.5% during the Track Record Period. As at 31 December 2021, 2022 and 2023, loss allowance of RMB140,000, RMB1,224,000 and RMB5,765,000 was recognised in respect of other receivables based on the Group's assessment.

During the Track Record Period, the Group generally granted a credit term within 30 days from invoice date to its customers. In respect of trade receivables from third parties and related parties, the Group measures loss allowances at an amount equal to lifetime ECLs based on historical settlement records and forward-looking information. To measure the ECLs, trade receivables have been assessed on individual basis and the days past due. The Group has a large number of customers and there was no concentration of credit risk. In addition, the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group considers that a default event occurs when there is significant decrease in services fee collection rate and estimates the expected credit loss rate for the Track Records Period. Normally, the Group does not obtain collateral from customers.

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

	As at 31 December 2021		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Within 1 year	1.02%	100,787	(1,030)
1 to 2 years	8.35%	18,269	(1,525)
2 to 3 years	36.40%	3,924	(1,428)
over 3 years	100.00%	2,587	(2,587)
		125,567	(6,570)

	As at 31 December 2022		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Within 1 year	0.98%	162,193	(1,592)
1 to 2 years	5.88%	36,651	(2,154)
2 to 3 years	24.48%	9,689	(2,372)
over 3 years	100.00%	4,555	(4,555)
		213,088	(10,673)

	As at 31 December 2023		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Within 1 year	1.09%	177,975	(1,945)
1 to 2 years	6.67%	20,205	(1,348)
2 to 3 years	21.41%	10,988	(2,353)
over 3 years	100.00%	4,287	(4,287)
		213,455	(9,933)
Bills receivable	1.09%	6,329	(70)
		219,784	(10,003)

Expected loss rates are based on actual loss experience over the past 3 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.

Movement in the loss allowance account in respect of bills and trade receivables from third parties and related parties during the Track Record Period is as follows:

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Balance at 1 January	4,900	6,570	10,673
Recognition/(reversal) of impairment losses during the year	1,670	4,103	(670)
Balance at 31 December	6,570	10,673	10,003

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements, to ensure that it maintains sufficient reserves of cash from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's 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 each reporting period) and the earliest date the Group can be required to pay:

	As at 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*
Interest-bearing borrowings *(Note 19)*	2,104	12,209	–	–	14,313	14,000
Trade and other payables *(Note 20)*	302,741	–	–	–	302,741	302,741
Lease liabilities *(Note 22)*	1,385	–	–	–	1,385	1,339
	306,230	12,209	–	–	318,439	318,080

	As at 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*
Interest-bearing borrowings *(Note 19)*	12,209	–	–	–	12,209	12,000
Trade and other payables *(Note 20)*	396,911	–	–	–	396,911	396,911
	409,120	–	–	–	409,120	408,911

	As at 31 December 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 *(Note 20)*	460,130	–	–	–	460,130	460,130
Lease liabilities *(Note 22)*	702	282	–	–	984	951
	460,832	282	–	–	461,114	461,081

(c) Interest rate risk

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

(i) Interest rate profile

The following table details the interest rate profile of the Group's interest-bearing borrowings as at 31 December 2021, 2022 and 2023.

	As at 31 December 2021		**As at 31 December 2022**		**As at 31 December 2023**	
	Effective interest rate %	*RMB'000*	*Effective interest rate %*	*RMB'000*	*Effective interest rate %*	*RMB'000*
Fixed rate financial instruments:						
Amounts due from related parties	5.23%	8,500	5.23%	7,500	–	–
Interest-bearing borrowings	5.23%	(14,000)	5.23%	(12,000)	–	–
Lease liabilities	5.23%	(1,339)	–	–	5.23%	(951)
		(6,839)		(4,500)		(951)

At 31 December 2021, 2022 and 2023, as the balance of variable rate borrowing is nil, the increase/decrease in interest rates would have no impact on the Group's profit after tax, retained profit and other components of consolidated equity.

(d) Fair value measurement

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2021, 2022 and 2023.

27 ACQUISITION OF A SUBSIDIARY

On 30 May 2022, the Company entered into a sale and purchase agreement with a third party to acquire 51% equity interest in Shaanxi Rixing at a total consideration of RMB933,000. There was no deferred or contingent consideration. The transaction was completed on 1 June 2022 when the Group obtained control of the board of directors of Shaanxi Rixing. RMB747,000 and RMB186,000 of the consideration were settled in June 2022 and June 2023, respectively. The principal activity of Shaanxi Rixing is to provide property management services and related value-added services. The Group's acquisition of Shaanxi Rixing will enable it to expand the Group's property management business. The goodwill consists of future revenue opportunities and the assembled workforce including marketing and technological expertise. No amount of the goodwill recognised is expected to be deductible for tax purposes. The goodwill of RMB1,769,000 arises from expected entity specific synergies.

The fair value of net identifiable assets acquired and the goodwill arising from the transaction as at the date of acquisition are as follows:

	Shaanxi Rixing
	RMB'000
Plant and equipment	148
Intangible assets	128
Trade and other receivables	3,341
Prepayments	2
Cash and cash equivalents	1,586
Trade and other payables	(5,862)
Contract liabilities	(701)
Current taxation	(281)
Total net identifiable liabilities acquired	(1,639)
Less: non-controlling interests arising from acquisition of Shaanxi Rixing	(803)
Fair value of net identified liabilities acquired in relation to the equity interests	(836)
Goodwill arising on acquisition:	
Total cash consideration	933
Add: fair value of net identified liabilities acquired in relation to the equity interests	836
Goodwill arising on acquisition of Shaanxi Rixing *(Note 13)*	1,769

Analysis of net cash outflow of cash and cash equivalents in respect of acquisition of Shaanxi Rixing as at the date of acquisition:

	RMB'000
Total cash consideration	933
Less: consideration payable	186
Consideration paid in cash	747
Less: cash acquired as at the date of acquisition	1,586
Net cash inflow for the acquisition of a subsidiary included in the cash flows from investing activities	839

For the seven months ended 31 December 2022, Shaanxi Rixing contributed revenue of RMB6,680,000 and profit of RMB264,000 to the Group's results. If the acquisition had occurred on 1 January 2022, management estimates that consolidated revenue would have been RMB11,256,000, and consolidated profit for the year would have been RMB176,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2022.

28 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and the highest paid employees as disclosed in Note 9 is as follows:

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	5,295	5,350	6,441
Retirement scheme contributions	393	532	672
	5,688	5,882	7,113

Total remuneration is included in "staff costs" (see Note 6(b)).

(b) Significant related party transactions

During the Tracked Record Period, the Group entered into the following transactions with its related parties.

Nature of related party transactions	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Render of services	45,716	52,915	54,041
Purchase of services	4,382	5,375	14,788
Advances to related parties	10,500	–	–
Repayments from related parties	32,500	1,000	7,500
Payments to related parties	9,293	–	–
Receipts on behalf of related parties	13,106	–	500
Payments on behalf of related parties	11,074	–	219
Payments for business combinations under common control	–	13,406	37,846
Interest income	621	432	107
Expense relating to short-term leases	634	634	814

(c) Balances with related party

Related party balances

	At 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Trade nature *(Note (i))*			
Trade receivables	34,981	44,533	22,938
Prepayments	29	66	52
Trade payables	2,386	5,072	6,475
Contract liabilities	71	140	109
Lease liabilities	–	–	951
Non-trade in nature			
Prepayments for acquisition of properties	–	–	36,611
Other receivables *(Note (ii))*	8,500	7,500	–
Other payables *(Note (iii))*	14,040	76,960	39,612
Guarantees provided by related parties	14,000	12,000	–

Notes:

(i) The trade related balances with the related parties arose from the sales or purchase of goods or services with the related parties.

(ii) The amount represented the balance of amount due from the immediate parent of the Company, which bear an interest at 5.23%, unsecured and the maturity date is 5 May 2023.

(iii) The amounts due to related parties of the Group are non-trade in nature, unsecured and interest-free with no fixed terms of repayment, except for the balance of amount due to the fellow subsidiaries of the Group as at 31 December 2021 and 2022 and 2023 included the amounts of RMB13,406,000, RMB75,692,000 and RMB37,846,000, respectively, which arise from business combination under common control transactions. In respect of the aforementioned amount arised from business combination under common control transaction, the balance of RMB13,406,000 as at 31 December 2021 have been repaid in April 2022, RMB37,846,000 have been repaid by the Group in January 2023, the remaining balance of RMB37,846,000 as at 31 December 2023 will be paid prior to the initial listing of H shares of the Company.

(d) Name and relationship with the related parties

Apart from the transactions with related parties disclosed above, the Group also has transactions with Xi'an ETDZ MC (Note 4(a)(i)), the sole shareholder of Kingfar Holdings, in the ordinary course of the Group's business. Xi'an ETDZ MC is an administrative agency of Xi'an Municipal People's Government to manage Xi'an Economic and Technology Development Zone on behalf of Xi'an Municipal People's Government and is not engaging in commercial business or operating commercial entities. As advised by the PRC legal advisers, Xi'an ETDZ MC is a PRC Governmental Body. During the Track Record Period, the Group's transactions with Xi'an ETDZ MC were primarily the provision of city services relating to public and municipal properties in Xi'an Economic and Technology Development Zone and did not have any non-trade transactions or balances with Xi'an ETDZ MC during the Track Record Period. Having regard to the disclosure exemption for transactions and balances with government-related entities provided by paragraphs 25 to 26 of IAS24 and the substance of the relationships, the directors of the Company are of the opinion that no separate disclosures of the amounts of transactions and related balances with Xi'an ETDZ MC or additional disclosure is necessary for the understanding of the effect of these transactions on the Historical Financial Information.

During the Track Record Period, transactions with the following parties are considered as related party transactions:

Name of related party	Relationship with the Group
Kingfar Holdings 西安經發控股(集團)有限責任公司	The controlling shareholder of the Company
Kingfar Group 西安經發集團有限責任公司	Shareholder of the Company, which is controlled by Kingfar Holdings
Xi'an Jinpeng Plastic Profile Manufacturing Co., Ltd.* 西安市金鵬塑膠異型材製造有限公司	A company controlled by the Controlling Shareholder
Xi'an Jingxin Real Estate Co., Ltd.* 西安經新置業有限責任公司	A company controlled by the Controlling Shareholder

Name of related party	Relationship with the Group
Xi'an Jingkai Financial Holdings Co., Ltd.* 西安經開金融控股有限公司	A company controlled by the Controlling Shareholder
Xi'an Economic Development and Urban Construction Group Co., Ltd.* 西安經開城建集團有限責任公司	A company controlled by the Controlling Shareholder
Xi'an Economic Development Urban Construction Urban Renewal Co., Ltd.* 西安經開城建城市更新有限公司	A company controlled by the Controlling Shareholder
Xi'an Economic Development Industrial Park Development Group Co., Ltd.* 西安經開產業園發展集團有限公司	A company controlled by the Controlling Shareholder
Xi'an Jingjin Industrial Co., Ltd.* 西安經勁實業有限責任公司	A company controlled by the Controlling Shareholder
Xi'an Jingjian Landscape Greening Co., Ltd.* 西安經建景觀綠化有限責任公司	A company controlled by the Controlling Shareholder
Xi'an Economic and Technological Development Zone Human Resources Development Co., Ltd.* 西安經濟技術開發區人力資源開發有限公司	A company controlled by the Controlling Shareholder
Xi'an Economic and Technological Development Zone Construction Co., Ltd.* 西安經濟技術開發區建設有限責任公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Asset Management Co., Ltd.* 西安經發資產管理有限公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Real Estate Co., Ltd.* 西安經發置業有限公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Printing and Dyeing Equipment Co., Ltd.* 西安經發印染設備有限公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar New Energy Co., Ltd.* 西安經發新能源有限責任公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Xinjingzhi Real Estate Co., Ltd.* 西安經發新景致地產有限公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Water Service Co., Ltd.* 西安經發水務有限公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Municipal Construction Co., Ltd.* 西安經發市政建設有限公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Lvkang Building Materials Co., Ltd.* 西安經發綠康建材有限責任公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Technology Industry Development Co., Ltd.* 西安經發科技產業發展有限公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Jingyi Investment Management Co., Ltd.* 西安經發景怡投資管理有限公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Landscape Greening Co., Ltd.* 西安經發景觀綠化有限公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Supply Chain Operation Trading Co., Ltd.* 西安經發供應鏈運營貿易有限公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Fengwei Real Estate Co., Ltd.* 西安經發灃渭地產有限公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Scenic Real Estate Co., Ltd.* 西安經發風景地產有限公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Real Estate Co., Ltd.* 西安經發地產有限公司	A company controlled by the Controlling Shareholder

Name of related party	Relationship with the Group
Xi'an Kingfar Chengyun Culture and Sports Industry Co., Ltd.* 西安經發城運文化體育產業有限公司	A company controlled by the Controlling Shareholder
Xi'an Economic Development Urban Renewal Construction Investment Co., Ltd.* 西安經發城市更新建設投資有限公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Urban Development Co., Ltd.* 西安經發城市發展有限公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Chengpin Architectural Decoration Co., Ltd.* 西安經發誠品建築裝飾有限公司	A company controlled by the Controlling Shareholder
Xi'an Jingwei Water Purification Co., Ltd.* 西安涇渭水淨化有限公司	A company controlled by the Controlling Shareholder
Xi'an Jingwei Development and Construction Co., Ltd.* 西安涇渭開發建設有限公司	A company controlled by the Controlling Shareholder
Xi'an Financial Center Construction and Development Co., Ltd.* 西安金融中心建設開發有限公司	A company controlled by the Controlling Shareholder
Xi'an Jiaotong University City College 西安交通大學城市學院	A company controlled by the Controlling Shareholder
Xi'an Industrial Park Housing Rental Operation Co., Ltd.* 西安產發產業園住房租賃運營有限責任公司	A company controlled by the Controlling Shareholder
But' one Information Corporation, Xi'an* 西安博通資訊股份有限公司	A company controlled by the Controlling Shareholder
Xi'an Qirong Technology Industrial Development Co., Ltd.* 西安啟融科技實業發展有限公司	A company controlled by the Controlling Shareholder
Xi'an Economic Development Investment and Construction Comprehensive Bonded Zone Industrial Development Co., Ltd.* 西安經開投建綜合保税區產業發展有限公司	A company controlled by the Controlling Shareholder

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

29 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2023, the directors consider the immediate parent and ultimate controlling party of the Group to be Kingfar Group and Kingfar Holdings respectively.

30 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING PERIOD BEGINNING ON 1 JANUARY 2023

Up to the date of this report, the IASB has issued a number of amendments and a new standard, which are not yet effective for the year beginning on 1 January 2023 and which have not been adopted in the Historical Financial Information.

	Effective for accounting periods beginning on or after
Amendments to IAS 1, *Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to IAS 1, *Non-current Liabilities with Covenants*	1 January 2024
Amendments to IFRS 16, *Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to IAS 7 and IFRS 7, *Supplier finance arrangements*	1 January 2024
Amendments to IAS 21, *Lack of Exchangeability*	1 January 2025
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of these amendments, new standards and interpretations are unlikely to have a significant impact.

31 SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

There was no material non-adjusting event after reporting period up to the date of this report.

SUBSEQUENT FINANCIAL STATEMENTS

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