THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult a stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **First Service Holding Limited** (the "**Company**"), you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser(s) or transferee(s).

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

First Service Holding Limited
第一服务控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2107)

(1) MAJOR TRANSACTION IN RELATION TO ACQUISITION OF 8% OF THE ISSUED SHARE CAPITAL OF THE TARGET COMPANY INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE; (2) MAJOR TRANSACTION IN RELATION TO GRANT OF CALL OPTION AND PUT OPTION; (3) NOMINATION OF DIRECTOR; AND (4) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial adviser to the Company

建银国际
CCB International

A notice convening the EGM of First Service Holding Limited to be held at the 3rd Floor, Building 10, Wanguocheng MOMA, No. 1 Xiangheyuan Road, Dongzhimenwai, Dongcheng District, Beijing, the PRC on Tuesday, June 20, 2023 at 3:30 p.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.firstservice.hk). Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM (i.e. before 3:30 p.m. on Sunday, June 18, 2023) or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM (or any adjournment thereof) if they so wish.

May 31, 2023

CONTENTS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Acquisition"	the acquisition of the Sale Shares by the Purchaser from the Vendors
"Agreement"	the share transfer agreement dated November 21, 2022 entered into between the Vendors and the Purchaser in relation to the Acquisition after trading hours, as amended and supplemented by the Supplemental Agreement
"Articles of Association"	the third amended and restated articles of association of the Company adopted on June 21, 2022 (as amended from time to time)
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"Company" or "Purchaser"	First Service Holding Limited (第一服务控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are currently listed on the Stock Exchange (Stock code: 2107)
"Completion"	completion of the Acquisition in accordance with the terms of the Agreement
"Completion Date"	the date falling within the five (5) business days immediately following the satisfaction or waiver of all the conditions precedent, or such other date the parties to the Agreement may agree in writing (but no later than the Long Stop Date)
"Consideration"	the consideration for the Acquisition, being RMB163,045,449.60 (equivalent to approximately HKD179,520,000)
"Consideration Shares"	a total of 264,000,000 Shares to be allotted and issued to the Vendors at the Issue Price as the Consideration
"Director(s)"	the director(s) of the Company

"EGM"	the extraordinary general meeting of the Company to be held at the 3rd Floor, Building 10, Wanguocheng MOMA, No. 1 Xiangheyuan Road, Dongzhimenwai, Dongcheng District, Beijing, PRC on Tuesday, June 20, 2023 at 3:30 p.m. or any adjournment thereof for Shareholders to consider and approve the Agreement and the transactions contemplated thereunder and notice of which is set out on pages EGM-1 to EGM-2 of this circular
"Group"	the Company and its subsidiaries
"Hao Fung"	Hao Fung Investment Limited (皓峰投资有限公司), a BVI business company incorporated in the British Virgin Islands with limited liability and is wholly owned by Mr. Zhang Peng
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"IELTS"	the International English Language Testing System
"Independent Third Party(ies)"	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not the Company's connected persons and their associates (as defined under the Listing Rules)
"Issue Price"	HKD0.68 per Consideration Share, being the issue price per Consideration Share
"Latest Practicable Date"	May 24, 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Long Stop Date"	December 31, 2023, or such other date the parties to the Agreement may agree in writing
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"NYSE"	New York Stock Exchange

"Option Exercise Price"	RMB163,045,449.60 (equivalent to approximately HKD179,520,000), being the Consideration of the Acquisition
"Platinum Wish"	Platinum Wish Limited (鉑願有限公司), a company incorporated under the laws of the BVI with limited liability and one of the Vendors under the Agreement
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Share(s)"	800 issued shares of the Target Company, representing 8% of the issued share capital of the Target Company, of which 4.8% was held by Platinum Wish and 3.2% was held by View Max, respectively, as at the date of the Agreement
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Share(s)"	the shares of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Specific Mandate"	a specific mandate to allot and issue the Consideration Shares to be sought from the Shareholders at the EGM
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Agreement"	the supplemental agreement dated March 30, 2023 entered into between the Company and the Verdors in relation to extension of the Long Stop Date from March 31, 2023 to December 31, 2023
"Target Company"	Century Golden Resources Services Group Co., Ltd. (世紀金源服務集團有限公司), a company incorporated under the laws of the Cayman Islands with limited liability
"Target Group"	the Target Company and its subsidiaries
"TOFEL"	the Test of English as a Foreign Language test
"USD"	United States dollars, the lawful currency of the United States
"Vendors"	collectively, Platinum Wish and View Max

"View Max"	View Max Limited (景至有限公司), a company incorporated under the laws of the BVI with limited liability and one of the Vendors under the Agreement
"%"	per cent

References to time and dates in this circular are to Hong Kong time and dates.

For the purpose of this circular, the conversion between RMB and HKD is based on a rate of HKD1 to RMB0.90823. The conversion rate is for illustrative purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at the aforesaid rate or any other rates at all.

First Service Holding Limited
第 一 服 务 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2107)

Executive Directors:
Mr. Liu Peiqing (劉培慶)
Mr. Jia Yan (賈岩)
Mr. Jin Chungang (金純剛)
Ms. Zhu Li (朱莉)

Non-executive Directors:
Mr. Zhang Peng (張鵬) *(Chairman of the Board)*
Mr. Long Han (龍晗)

Independent Non-executive Directors:
Ms. Sun Jing (孫靜)
Mr. Cheng Peng (程鵬)
Mr. Chen Sheng (陳晟)

Registered Office:
PO Box 309
Ugland House
Grand Cayman, KY1–1104
Cayman Islands

Headquarters in the PRC:
3rd Floor, Building 10
Wanguocheng MOMA
No. 1 Xiangheyuan Road, Dongzhimenwai
Dongcheng District
Beijing, the PRC

Principal Place of Business in Hong Kong:
31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

May 31, 2023

To the Shareholders

Dear Sir or Madam,

(1) MAJOR TRANSACTION IN RELATION TO ACQUISITION OF 8% OF THE ISSUED SHARE CAPITAL OF THE TARGET COMPANY INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE; (2) MAJOR TRANSACTION IN RELATION TO GRANT OF CALL OPTION AND PUT OPTION; (3) NOMINATION OF DIRECTOR; AND (4) NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

Reference is made to the Company's announcements dated November 21, 2022 and March 30, 2023 in relation to the Acquisition.

The Board is pleased to announce that on November 21, 2022 (after trading hours), the Company, as the Purchaser, and the Vendors entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the Sales Shares which represent 8% of the issued share capital of the Target Company at a total consideration of RMB163,045,449.60 (equivalent to approximately HKD179,520,000). The Consideration will be satisfied by the issue and allotment of a total of 264,000,000 Consideration Shares at the Issue Price of HKD0.68 per Consideration Share by the Company to the Vendors pursuant to the Specific Mandate, among which (i) 158,400,000 Consideration Shares will be issued and allotted to Platinum Wish and (ii) 105,600,000 Consideration Shares will be issued and allotted to View Max.

On March 30, 2023, the Company, as the Purchaser, and the Vendors entered into the Supplemental Agreement, pursuant to which the parties have agreed to extend the Long Stop Date from March 31, 2023 to December 31, 2023 (or such other date as parties to the Agreement may agree in writing).

The purpose of this circular is to give you the notice of the EGM and to provide Shareholders with, among other things, (i) further information on the Agreement and the transactions contemplated thereunder, (ii) the financial information of the Target Group, (iii) unaudited pro forma financial information of the Group, (iv) other information as required under the Listing Rules, and (v) a notice for convening the EGM.

2. THE AGREEMENT

The principal terms of the Agreement are set out below:

Date

November 21, 2022 (after trading hours)

Parties

(i) The Company; and

(ii) The Vendors

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendors and their respective ultimate beneficial owners are Independent Third Parties.

Subject Matter

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the Sale Shares which represent 8% of the issued share capital of the Target Company in accordance with the terms and subject to the conditions of the Agreement.

Consideration and Payment Terms

Pursuant to the Agreement, the Consideration is RMB163,045,449.60 (equivalent to approximately HKD179,520,000), which shall be satisfied by the issue and allotment of a total of 264,000,000 Consideration Shares by the Company to the Vendors at the Issue Price on Completion, among which (i) 158,400,000 Consideration Shares will be issued and allotted to Platinum Wish and (ii) 105,600,000 Consideration Shares will be issued and allotted to View Max.

The Consideration was determined after arm's length negotiation between the Company and the Vendors on normal commercial terms after considering the value of 8% equity interest in the Target Group of approximately RMB177,000,000 (equivalent to approximately HKD194,884,556) with reference to the valuation conducted by Asia-Pacific Consulting and Appraisal Limited, an independent valuer based on market approach.

The Directors are of the view that the Consideration, which represent a discount of approximately 7.88% to the valuation, is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

The Consideration Shares

The Consideration Shares comprise a total of 264,000,000 Shares which shall be issued and allotted on the Completion Date pursuant to the Specific Mandate to be obtained from the Shareholders at the EGM. The Consideration Shares, when allotted and issued, shall be credited as fully paid and at all times rank pari passu among themselves and with the Shares in issue. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Consideration Shares, when issued, would represent (i) approximately 26.40% of the existing issued share capital of the Company (15.84% as to Platinum Wish and 10.56% as to View Max) as at the Latest Practicable Date and (ii) approximately 20.88% of the issued share capital of the Company (12.53% as to Platinum Wish and 8.35% as to View Max) as enlarged by issue of the Consideration Shares, assuming there is no change in the issued share capital of the Company other than the issue of the Consideration Shares from the date of this circular up to Completion. The issue and allotment of Consideration Shares will not result in a change of control of the Company.

The Issue Price

The Issue Price of HKD0.68 per Consideration Share represents:

(i) a premium of approximately 7.94% to the closing price of HKD0.63 per Share as quoted on the Stock Exchange on November 18, 2022, being the last trading day prior to the date of the Agreement;

(ii) a premium of approximately 3.98% to the average closing price of HKD0.654 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately preceding the date of the Agreement; and

(iii) a premium of approximately 2.56% to the average closing price of HKD0.663 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately preceding the date of the Agreement.

The Issue Price was determined after arm's length negotiations between the Company and the Vendors, taking into account the prevailing market performance of the Shares on the Stock Exchange at the time. The Directors consider that the Issue Price is fair and reasonable, on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

Condition Precedent

The obligation of the Company to consummate the Acquisition is subject to, among others, the following conditions precedent being fulfilled or waived on or before the Long Stop Date:

(i) no material breach of the terms and conditions of the Agreement by the Purchaser and the Vendors;

(ii) all necessary approvals, consents and authorizations required to be obtained from the regulators in respect of the Agreement and the transactions contemplated thereunder having been obtained, and all necessary registrations and filings with the regulators required to be completed in respect of the transfer of the Sale Shares having been completed;

(iii) the passing by the board of directors of each of the Vendors at respective meetings of a resolution to approve the execution and performance of the Agreement and the transactions contemplated thereunder, including the transfer of the Sale Shares;

(iv) the passing by the Board and shareholders of the Company at respective meetings of a resolution to approve the execution and performance of the Agreement and the transactions contemplated thereunder, including the issue of the Consideration Shares;

(v) the Vendors having completed and being satisfied with the results of the due diligence on the Group;

(vi) the Purchaser having completed and being satisfied with the results of the due diligence on the Target Group;

(vii) no applicable laws, judgments, awards, rulings or injunctions of courts or arbitration institutions or relevant governmental authorities restricting, prohibiting or cancelling the Sale Shares, nor is there any pending decision, potential litigation, arbitration, judgment, award, ruling or injunction that has had or had a material adverse effect on the Sale Shares, and the Vendors' execution, delivery, performance of the Agreement and the transactions contemplated thereunder will not violate any applicable law or regulation; and

(viii) the Purchaser having obtained from the Stock Exchange the approval of or consent to approve (with or without conditions) the listing of and dealing in the Consideration Shares.

Completion

Completion shall take place within five (5) business days immediately following the satisfaction or waiver of all the conditions precedent, or on such other date the Purchaser and the Vendor may agree in writing (but no later than the Long Stop Date). Conditions precedent (ii), (iii), (iv), (vii) and (viii) cannot be waived.

Nomination Right

Prior to or on the Completion Date, the Board and the nomination committee of the Board shall hold respective meetings to consider the appointment of a nominee, as nominated collectively by Platinum Wish and View Max, as a non-executive Director. The appointment of the nominee will be effective from the Completion Date subject to, among others, the provisions of the Articles of Association and the Listing Rules.

Undertakings

The Company undertakes to the Vendors and the Target Company that, without the prior written consent of the Vendors, the Company will not directly or indirectly from the date of the Agreement until the third (3^{rd}) anniversary after the Completion (1) dispose of any Sale Shares in any means; (2) agree to or enter into a contract with any third party for sale of any Sale Shares; (3) enter into any transaction having the same economic impact, directly or indirectly, as any of the foregoing transactions; or (4) enter into any agreement or arrangement to create any encumbrance on any Sale Shares.

The Vendors jointly and severally undertake to the Company that, without the prior written consent of the Company, the Vendors will not directly or indirectly from the date of the Agreement until the third (3^{rd}) anniversary after the Completion (1) dispose of any Consideration Shares in any means; (2) agree to or enter into a contract with any third party for sale of any Consideration Shares; (3) enter into any transaction having the same economic impact, directly or indirectly, as any of the foregoing transactions; or (4) enter into any agreement or arrangement to create any encumbrance on any Consideration Shares.

For avoidance of doubt, the undertakings do not apply to exercise of the Call Option and the Put Option (as the case may be).

The Vendors undertake to procure the Target Group and other relevant parties to provide undertakings to the Company in form and substance satisfactory to the Company in respect of due diligence on the Target Group.

Call Option and Put Option

Pursuant to the Agreement, the parties have entered into the following call and put options arrangement:

(1) The Vendors have been granted at nil consideration a call option ("**Call Option**") pursuant to which the Vendors have the right to exercise the Call Option within three (3) years after the Completion by requiring the Company to sell all the Sale Shares to the Vendors at RMB203,806.81 per Sale Share totalling the Option Exercise Price, which shall be settled by way of transferring all the Consideration Share at HKD0.68 per Consideration Share to the Company for cancellation; and

(2) The Company has been granted at nil consideration a put option ("**Put Option**") pursuant to which the Company has the right to exercise the Put Option within three (3) years after the Completion by requiring the Vendors to acquire all the Sale Shares from the Company at RMB203,806.81 per Sale Share totalling the Option Exercise Price, which shall be settled by way of transferring all the Consideration Share at HKD0.68 per Consideration Share to the Company for cancellation.

Pursuant to the Agreement, both the Company and the Vendors undertake that they shall not sell or pledge the Consideration Shares and the Sale Shares until third (3^{rd}) anniversary after the Completion (i.e. the expiry date of the Call Option and the Put Option). As such, the parties to the Agreement are legally restricted to dispose of these underlying shares before expiry of the options, the Directors consider that the undertakings shall ensure observance of respectively obligations of the option holders in the event of exercise of the Call Option or the Put Option in future. There is no event that will trigger an early expiry or termination of the Call Option and/or the Put Option under the Agreement.

Apart from the undertakings, the parties also contemplate to enter into an escrow arrangement with China Construction Bank (Asia), ("**CCB Asia**") an independent financial institution, pursuant to which (1) all Sale Shares and (2) all Consideration Shares upon issuance shall be held in an escrow account maintained in CCB Asia. Neither Consideration Shares nor Sale Shares could be withdrawn or transferred from such escrow account until earliest of the exercise or expiry of the Call Option and/or the Put Option (as the case may be). In particular, upon exercise of the options, the Consideration Shares shall only be transferred directly to the Company from the escrow account for cancellation.

The Board considers that the above escrow arrangement shall properly ensure observance of respective obligations of the option holders in the event of exercise of the Call Option and/or the Put Option.

No shareholder agreement has been entered into between the Company and other shareholders of the Target Group.

There is no agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) between the Company and any connected person of the Company with respect to the proposed Acquisition (or further acquisition) of the Target Group as of the date of this circular. In the event of any further acquisition of the Target Group in the future, the Company will comply with relevant requirements under the Listing Rules as and when appropriate.

3. REASONS AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in provision of property management services to residential and non-residential buildings in the PRC and is committed to providing diversified and high-quality property management services to its customers in different cities of the PRC by integrating professional property management services in different geographical locations and offering quality services to its customers. The Board has always been looking for investment in businesses which create synergy to the Group.

Having considered (i) the Target Group is one of the leading and successful property management services providers in the PRC; (ii) the potential synergy to be achieved by the Group by building up a closer business relationship with the Target Group in future; and (iii) the financial performance and the prospects of the Target Group, the Company considered that the Acquisition presented a good opportunity for the Group to expand investment portfolio with quality assets, to unlock the potential business synergies of the Group, and create greater value to the Shareholders.

Although the Group would only acquire 8% equity interest in the Target Group, the Board expects the potential synergy could be achieved through the Acquisition by establishing close business collaborations with the Target Group and business referrals between the groups to:

- further expand into new or existing geographic markets of the Group, such as the Guangdong-Hong Kong-Macao Greater Bay Area on where the Target Group does not focus, by way of business referrals;

- further explore new city services of the Group by leveraging rich operation experience and reserve of talents of the Target Group as well as the digital twin smart city service platform of the Group through business collaborations; and

- expand the Group's value-added service offerings and enhance its service quality taking advantages of the Group's capabilities of making full use of idle space in the communities managed by the Group and developing services to meet the needs of residents and commercial resources of the Target Group through business collaborations.

The Board considers that the terms of the Agreement are on normal commercial terms, fair and reasonable and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

4. INFORMATION OF THE PARTIES TO THE AGREEMENT

The Company

The Company is a company incorporated in the Cayman Islands with limited liability and its Shares have been listed on the Stock Exchange. The Group is principally engaged in provision of property management services to residential and non-residential buildings in the PRC.

Vendors

Platinum Wish is a company incorporated under the laws of the BVI with limited liability and is an investment holding company. As at the Latest Practicable Date, Platinum Wish is owned by Joy Deep Limited (悦深有限公司) as to 99% and Prime Elegance Limited (至雅有限公司) as to 1%, respectively. Joy Deep Limited is held by Sparkle Fortune Family Trust, the founder and settlor of which is Mr. Huang Tao (黃濤). Mr. Huang Tao and his family members are beneficiaries of Sparkle Fortune Family Trust. Prime Elegance Limited is wholly owned by Mr. Huang Tao.

View Max is a company incorporated under the laws of the BVI with limited liability and is an investment holding company. As at the Latest Practicable Date, View Max is owned by Joy Riding Limited (樂行有限公司) as to 99% and Leisure Light Limited (悠光有限公司) as to 1%, respectively. Joy Riding Limited is held by Leading Trend Family Trust, the founder and settlor of which is Mr. Huang Shiying (黃世熒). Mr. Huang Shiying and his family members are beneficiaries of Leading Trend Family Trust. Leisure Light Limited is wholly owned by Mr. Huang Shiying.

Mr. Huang Tao and Mr. Huang Shiying are brothers.

Century Golden Resources Investment Group Co., Ltd. (世紀金源投資集團有限公司) (''**Century Golden Resources**''), which is owned by Mr. Huang Tao and Mr. Huang Shiying as to 60% and 40%, respectively, has provided loans of RMB500 million (the ''**Loans**'') to Modern MOMA Engineering Project Management (Beijing) Co., Ltd (當代摩碼工程項目管理(北京)有限公司)(''**Modern MOMA Engineering**''), which is ultimately owned as to 65.96% by Mr. Zhang Lei who is the controlling shareholder of the Company. Modern MOMA Engineering is hence an associate of Mr. Zhang Lei and a connected person of the Company. The Loans bear interest at 8% per annum and mature in January 2024 with a term of two years. Other than the aforesaid loan arrangement, Mr. Zhang Lei does not have any other relationship or arrangement with the Vendors.

5. INFORMATION OF THE TARGET GROUP

The Target Company is a company incorporated with limited liability incorporated in the Cayman Islands. It is an investment holding company which wholly owns the entire equity interest in Century Life Property Service Group Co., Ltd. (世紀生活物業服務集團有限公司, "**Century Life**"). Century Life is a company established under the laws of the PRC with limited liability and is principally engaged in the provision of property management services in the PRC.

As at the Latest Practicable Date, the Target Company is owned by Platinum Wish as to 49.68%, View Max as to 33.12%, Forward Fame Limited as to 8%, Lead Tide Limited (wholly-owned by Mr. Huang Tao) as to 5.52% and Source Coast Limited (wholly-owned by Mr. Huang Shiying) as to 3.68%, respectively, which are all Independent Third Parties.

Upon Completion, the Target Company will be owned by Platinum Wish as to 44.88%, View Max as to 29.92%, the Company as to 8%, Forward Fame Limited as to 8%, Lead Tide Limited (wholly-owned by Mr. Huang Tao) as to 5.52% and Source Coast Limited (wholly-owned by Mr. Huang Shiying) as to 3.68%, respectively.

As the Target Company will not become a subsidiary of the Company, its financial results will not be consolidated into the financial statements of the Group. The investment in the Target Company is expected to be presented as financial assets at fair value through profit or loss in the financial statements of the Group upon Completion. The Call Option written by the Company will be accounted as financial liabilities measured at fair value through profit or loss.

The table below sets out certain audited financial information of the Target Group for each of the three years ended December 31, 2022 as extracted from Appendix II:

	For the year ended December 31,		
	2020	**2021**	**2022**
		(RMB in million)	
Revenue	1,289.0	1,800.2	1,888.2
Profit before taxation	314.1	404.5	438.0
Profit after taxation	248.7	288.2	344.2

As at December 31, 2022, the net asset value of the Target Group was approximately RMB883.9 million.

As at December 31, 2022, the Target Group recorded loans and interest due from related parties amounting to RMB1,213,179,000, representing approximately 57.9% of the total assets of the Target Group. Among the loans and interests due from related parties of the Target Group in the sum of RMB1,213 million as at December 31, 2022, (1) a loan in the sum of approximately RMB795 million was lent to Century Golden Resources; and (2) a loan in the sum of approximately RMB418 million was lent to Beijing Century Golden Times Shopping Centre Co., Ltd. (北京金源時代購物中心有限公司) ("**Beijing Golden Resources Mall**"). Century Golden Resources was owned by Mr. Huang Tao and Mr. Huang Shiying as to 60% and 40%, respectively. Beijing Golden Resources Mall was wholly owned by Century Golden Resources. Such loans due from related parties were secured by a property (the "**Property**") of Hunan Century Golden Resources Real Estate Shopping Center Co., Ltd (湖南世紀金源置業購物中心有限責任公司) ("**Hunan Century Golden**") with a fair value of RMB2,028,615,000 as at December 31, 2022. Hunan Century Golden is wholly owned by Beijing Yajin Business Management Co., Ltd. (北京雅金企業管理有限公司), which is wholly owned by Century Golden Resources. The related parties from which the loans of the Target Group are due and the owner of the Property are directly or indirectly wholly owned by Century Golden Resources, which are ultimately owned by the Vendors. To the best knowledge of the Directors, there is no relationship between the Company's controlling shareholder and each of the related parties from which the loans of the Target Group are due and the owner of the Property. Please refer to note 13 of the accountants' report of the Target Group as set out in Appendix II to this circular for details.

Having considered that the value of third-party collateral of the loans far exceeded the outstanding amount of the loans, the Directors consider that the Company's interest in the investment in the Target Group is properly protected.

6. EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING THE COMPLETION

As at the Latest Practicable Date, the authorized share capital of the Company was USD50,000 divided into 250,000,000,000 Shares of USD0.0000002 each and 1,000,000,000 fully paid up Shares were in issue. Assuming there will be no change in the issued share capital of the Company from the Latest Practicable Date up to Completion, the following table set forth the shareholding of the Company (i) as at the Latest Practicable Date, and (ii) upon Completion:

	As at the Latest Practicable Date		**Immediately after Completion and allotment and issue of the Consideration Shares**	
	Number of Shares held	*Approximate % of shareholding*	*Number of Shares held*	*Approximate % of shareholding*
Glorious Group[(1)]	334,926,750	33.49%	334,926,750	26.50%
Hao Fung[(2)]	170,777,250	17.08%	170,777,250	13.51%
Shanghai CDH Yaojia Venture Capital Center (Limited Partnership)	86,424,000	8.64%	86,424,000	6.84%
Zhang Peng	8,225,000	0.82%	8,225,000	0.65%
Liu Peiqing	310,000	0.03%	310,000	0.02%
Liu Pei Qing Management Limited[(3)]	10,988,750	1.10%	10,988,750	0.87%
Long Han Management Limited[(4)]	10,511,250	1.05%	10,511,250	0.83%
Jia Yan	4,499,977	0.45%	4,499,977	0.36%
Jin Chungang	1,007,282	0.10%	1,007,282	0.08%
Zhu Li	676,155	0.07%	676,155	0.05%
Directors of subsidiaries of the Company	12,834,542	1.28%	12,834,542	1.02%
Other public Shareholders	358,819,044	35.89%	358,819,044	28.39%
The Vendors				
— Platinum Wish	—	—	158,400,000	12.53%
— View Max	—	—	105,600,000	8.35%
Total	1,000,000,000	100%	1,264,000,000	100%

Notes:

(1) Glorious Group Holdings Limited ("**Glorious Group**") is wholly owned by Mr. Zhang Lei, who is a controlling shareholder of the Company and a party acting in concert of Mr. Zhang Peng by virtue of an acting-in-concert agreement entered into between themselves.

(2) Hao Fung is wholly owned by Mr. Zhang Peng, who is the chairman of the Board and a non-executive Director.

(3) Liu Pei Qing Management Limited is wholly owned by Mr. Liu Peiqing, who is an executive Director.

(4) Long Han Management Limited is wholly owned by Mr. Long Han, who is a non-executive Director.

(5) Mr. Zhang Lei, Mr. Zhang Peng, Glorious Group and Hao Fung are the controlling shareholders of the Company.

7. NOMINATION OF DIRECTOR

Subject to the approval of the Acquisition at the EGM and passing by the Board and nomination committee of the Board at respective meetings of a relevant resolution on or prior to Completion, Ms. So Pui Man, as nominated collectively by Platinum Wish and View Max, will be appointed as a non-executive Director upon Completion.

Ms. So, aged 36, has been an assistant to the president and chief executive officer of Century Golden Resources Investment Group Co., Ltd. (世紀金源投資集團有限公司), an asset management company based in Beijing, the PRC which is owned by Mr. Huang Tao and Mr. Huang Shiying as to 60% and 40%, respectively, since February 2022. She is responsible for providing executive, administrative, and development support to the president and chief executive officer. Prior to that, Ms. So was a professional business English lecturer and business translator with over 15 years of experience. From May 2018 to January 2022, she worked as a senior TOFEL and IELTS teacher at Beijing Zhixue Education Technology Co., Ltd. (北京治學教育科技有限公司), an English training institution which operates under the "Todo Education" (土豆教育) brand. From March 2016 to May 2018, she was the director of creative production centre of 51Talk Online Education Group, a NYSE-listed online education platform in the PRC with core expertise in English education (NYSE: COE), and was responsible for organizing and overseeing English programs and courses as well as supervising academic tutors and teachers. From March 2013 to March 2016, she worked as a TOFEL, IELTS and business English teacher at New Oriental Education & Technology Group Inc., which is listed on the Stock Exchange (stock code: 9901). Ms. So graduated with a bachelor's degree in translation from Lingnan University in Hong Kong in September 2011. She then obtained her master's degree in comparative literature from University of Edinburgh in September 2012.

Upon appointment of Ms. So as a non-executive Director, the Company will publish an announcement setting out biographical details of Ms. So in compliance with Rule 13.51(2) of the Listing Rules.

8. FINANCIAL IMPACT OF THE ACQUISITION ON THE GROUP

Following the Completion, the Company will hold 8% equity interest in the Target Company, which will be accounted for as financial assets at fair value through profit or loss in the Group's consolidated financial statements. As shown in the unaudited pro forma financial information of the Group set out in Appendix III of this circular, the Acquisition will increase the total assets and the total liabilities of the Group by RMB158.0 million and RMB163.0 million, respectively, and decrease the net assets of the Group by RMB5.0 million upon Completion.

9. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the exercise of the Call Option is not at the discretion of the Company, the grant of the Call Option will be classified as if the Call Option had been exercised under Rule 14.74(1) of the Listing Rules. As one or more of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the grant of the Call Option are more than 25% but less than 100%, the grant of the Call Option constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the exercise of the Put Option is at the discretion of the Company, only premium will be taken into account for the purpose of classification of notifiable transaction on the grant of the Put Option. Given the Put Option will be granted at nil consideration, the applicable percentage ratios calculated in accordance with Rule 14.75(1) of the Listing Rules are less than 5% and the grant of the Put Option does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. However, as the grant of Put Option and the Call Option are part-and-parcel to the Acquisition, the Board considers it appropriate to put forward a resolution of grant of the Put Option for Shareholders' approval at the EGM.

The Company will also seek Shareholders' approval for exercise of the Put Option at the EGM (in addition to seeking Shareholders' approval for the grant of the Put Option and the Call Option) under Rule 14.76(2) of the Listing Rules.

The Company will comply with all applicable requirements under the Listing Rules upon exercise of the Call Option and the Put Option (as the case may be).

As at the Latest Practicable Date, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has any material interest in the Acquisition and as such, none of the Shareholders is required to abstain from voting at the EGM in respect of the resolution(s) to approve the Acquisition, the grant of the Call Option and the Put Option, the exercise of the Put Option and the Specific Mandate.

The independent non-executive Directors and non-executive Directors, except for Mr. Zhang Peng, after considering all the facts and circumstances, are of the view that: (i) the proposed Acquisition is not considered a connected transaction; and (ii) Mr. Zhang Lei and Mr. Zhang Peng do not have any material interest in the proposed Acquisition.

10. CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, June 15, 2023 to Tuesday, June 20, 2023 (both days inclusive), during which period no transfer of Shares will be registered. The record date is Tuesday, June 20, 2023. To be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates and the duly completed and signed transfer forms must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Wednesday, June 14, 2023.

11. THE EGM

The notice of the EGM is set out on pages EGM-1 to EGM-2 of this circular, including the ordinary resolutions to be proposed to seek the Shareholders' consideration and approval for the Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate for the issue and allotment of the Consideration Shares.

A form of proxy for use at the EGM is enclosed with the notice of the EGM. The form of proxy is also available on the website of the Stock Exchange (www.hkexnews.hk). Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible, but in any event no later than 48 hours before the time appointed for the EGM or any adjournment thereof (i.e. before 3:30 p.m. on Sunday, June 18, 2023). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM, should you so wish. In such event, the submitted proxy form will be deemed to be revoked.

12. VOTING BY POLL

To the best of the knowledge and information of the Directors, after having made all reasonable enquiries, no Shareholders have a material interest in the resolutions to be proposed at the EGM. Accordingly, no Shareholders are required to abstain from voting on the resolutions.

Pursuant to Rule 13.39(4) of the Listing Rules and Article 13.5 of the Articles of Association, all resolutions to be proposed at the EGM shall be put to a vote on a poll unless the chairman of the meeting, in good faith, allows a vote by show of hands on a resolution which relates purely to a procedural or administrative matter.

On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by a duly authorized representative shall be entitled to one vote for each Share held by him. The Shareholders with more than one vote are not required to cast all their votes or vote in the same way.

13. RECOMMENDATIONS

The Directors consider that the terms of the Agreement are on normal commercial terms, fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favor of the resolutions to be proposed at the EGM in respect of the Agreement and the transactions contemplated thereunder.

14. FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Completion is subject to the fulfilment of the conditions precedent set out in the Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

By order of the Board
First Service Holding Limited
Zhang Peng
Chairman

1. FINANCIAL INFORMATION

The audited consolidated financial statements, together with the accompanying notes to the financial statements, of the Group for the years ended December 31, 2020, 2021 and 2022 are disclosed in the following documents which have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.firstservice.hk):

(i) Annual report for the year ended December 31, 2020 (pages 81 to 152)

https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0420/2021042000379.pdf

(ii) Annual report for the year ended December 31, 2021 (pages 89 to 178)

https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042802702.pdf

(iii) Annual report for the year ended December 31, 2022 (pages 85 to 166)

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042704418.pdf

2. STATEMENT OF INDEBTEDNESS

As at April 30, 2023, being the latest practicable date for the purpose of indebtedness statement prior to the printing of this circular, apart from the normal trade payables, the Directors confirmed that the Group did not have any other debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other contingent liabilities.

3. WORKING CAPITAL STATEMENT

The Directors, after due and careful enquiries, are of the opinion that following the Completion, after taking into account the effect of the Acquisition (including the grant and exercise of the Call Option and the Put Option) and the financial resources available to the Group, including the internally generated funds from operations, and cash and bank balances of the Group, the Group will have sufficient working capital to satisfy its requirements for at least the next 12 months from the date of this circular.

4. NO MATERIAL CHANGE

As at the Latest Practicable Date, the Directors confirmed that there has been no material change in the financial or trading position of the Group since December 31, 2022, being the date to which the latest published audited accounts of the Group have been made up.

5. ACQUISITION AFTER THE DATE OF THE LATEST PUBLISHED AUDITED ACCOUNTS

Save for the Acquisition, since December 31, 2022, being the date to which the latest published audited accounts of the Group have been made up, no member of the Group has acquired or agreed to acquire or is proposing to acquire a business or an interest in the share capital of a company whose profits or assets make or will make a material contribution to the figures in the auditor's report or next published accounts of the Group.

The aggregate of the remuneration payable to and benefits in kind received by the Directors will not be varied in consequence of the Acquisition.

6. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is a well-known market player in the property management service industry in the PRC. The Group provides property management services that promote comfortable living through technological innovation and green living solutions that cover the full property life-cycle. While catering to all stages of the property life cycle, the Group strives to provide customers with digitally connected, green and healthy living experiences in residential and non-residential properties. The Group has a wide presence in large and medium-sized cities across the PRC with businesses involving residential buildings, villas, office buildings, hospitals, colleges and universities, industrial parks, etc. As at December 31, 2022, the Group had contracted to provide property management services in 105 cities across 25 provincial-level administrative regions in the PRC.

The Group generates revenue primarily through three business lines, namely (i) property management services, (ii) green living solutions, and (iii) value-added services. For the year ended December 31, 2022, total revenue of the Group amounted to RMB1,122.3 million, representing a 0.2% growth compared with RMB1,119.9 million for the same period in 2021. Despite the general downturn of the real estate market and the performances of real estate enterprises in the PRC, the Group's overall business scale has expanded.

As at December 31, 2022, the Target Group had a total contracted gross floor area of 86.4 million sq.m. and a total gross floor area under management of 77.1 million sq.m., of which the contracted gross floor area of residential properties was 75.4 million sq.m. and the gross floor area under management of residential properties was 68.7 million sq.m., respectively. Considering the financial performance and prospects of the Target Group, the Acquisition presents a good opportunity for the Group to expand investment portfolio with quality assets. After the Acquisition, the Group will be able to expand into new geographic regions and expand its property management service offerings by building up a closer business relationship with the Target Group in future. Leveraging the strength and experience of both parties in the property management field, the Acquisition will effectively reduce the Group's costs and market competition, and create synergies to the Group. At the same time, the Group will be able to further fill the gaps in more geographic markets to increase market share, reinforce brand influence and expand the scope and scale of its property management business, and ultimately improve business growth and profitability to create greater value to its Shareholders.

The following is the text of a report set out on pages II-1 to II-50, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

KPMG

ACCOUNTANTS' REPORT ON FINANCIAL INFORMATION OF CENTURY GOLDEN RESOURCES SERVICES GROUP CO., LTD. TO THE DIRECTORS OF FIRST SERVICE HOLDING LIMITED

Introduction

We set out below our report on the consolidated financial statements of Century Golden Resources Services Group Co., Ltd. (the "**Target Company**") and its subsidiaries (together, the "**Target Group**") set out on pages II-3 to II-50, which comprises the consolidated statements of financial position of the Target Group as at 31 December 2020, 2021 and 2022 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended 31 December 2020, 2021 and 2022 (the "**Relevant Periods**"), and a summary of significant accounting policies and other explanatory information (together, the "**Financial Information**"). The Financial Information set out on pages II-3 to II-50 forms an integral part of this report, which has been prepared for inclusion in the circular of First Service Holding Limited (the "**Company**") dated 31 May 2023 (the "**Circular**") in connection with the acquisition of 8% equity interest of the Target Company by the Company (the "**Acquisition**").

Directors' responsibility for Financial Information

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

The Underlying Financial Statements of the Target Group as defined on page II-3, on which the Financial Information is based, were prepared by the directors of the Target Company. The directors of the Target Company are responsible for the preparation of the Underlying Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**"), and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Underlying Financial Statements that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the 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 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 Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the 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 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 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 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 Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Target Group's financial position as at 31 December 2020, 2021 and 2022 and of the Target Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

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

KPMG
Certified Public Accountants

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

31 May 2023

FINANCIAL INFORMATION

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

The consolidated financial statements of the Target Group for the Relevant Periods, on which the 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**")

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*(Expressed in Renminbi ("**RMB**"))*

		Year ended 31 December		
		2020	**2021**	**2022**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	*4*	1,288,962	1,800,181	1,888,221
Cost of sales		(830,962)	(1,219,497)	(1,295,100)
Gross profit		458,000	580,684	593,121
Other income	*5*	34,216	31,075	37,606
Selling expenses		(12,014)	(16,462)	(15,353)
Administrative expenses		(158,234)	(170,756)	(162,537)
Expected credit loss on trade and other receivables		(7,670)	(17,991)	(11,124)
Profit from operations		314,298	406,550	441,713
Finance cost	*6(a)*	(196)	(256)	(595)
Share of losses of associates		—	(1,789)	(3,082)
Profit before taxation	*6*	314,102	404,505	438,036
Income tax	*7(a)*	(65,411)	(116,267)	(93,861)
Profit for the year		248,691	288,238	344,175

		Year ended 31 December		
		2020	**2021**	**2022**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Profit for the year		248,691	288,238	344,175
Other comprehensive income for the year				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation		(51)	3	(24)
Other comprehensive income for the year		(51)	3	(24)
Total comprehensive income for the year		248,640	288,241	344,151
Profit attributable to:				
Equity shareholders of the Target Company		248,455	288,107	344,145
Non-controlling interests		236	131	30
		248,691	288,238	344,175
Total comprehensive income attributable to:				
Equity shareholders of the Target Company		248,404	288,110	344,121
Non-controlling interests		236	131	30
		248,640	288,241	344,151

The accompanying notes form part of the Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

		At 31 December		
		2020	**2021**	**2022**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*9*	14,275	20,908	21,245
Right-of-use assets	*10*	3,391	5,397	9,422
Intangible assets		1,419	1,252	1,090
Interests in associates	*11*	40,000	38,211	37,129
Deferred tax assets	*19(b)*	7,988	10,375	12,097
		67,073	76,143	80,983
Current assets				
Inventories	*12*	8,394	15,187	19,910
Loans and interest due from related parties	*13*	—	430,000	1,213,179
Trade and other receivables	*14*	218,990	316,906	439,799
Cash and cash equivalents	*16(a)*	800,762	610,563	341,451
		1,028,146	1,372,656	2,014,339
Current liabilities				
Trade and other payables	*17*	423,761	446,088	490,055
Contract liabilities	*15*	393,550	406,456	642,755
Lease liabilities	*18*	2,130	3,480	3,188
Current taxation	*19(a)*	22,927	24,739	42,321
		842,368	880,763	1,178,319
Net current assets		185,778	491,893	836,020
Total assets less current liabilities		252,851	568,036	917,003

		At 31 December		
		2020	2021	2022
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities				
Lease liabilities	*18*	1,398	1,342	6,096
Deferred tax liabilities	*19(b)*	—	27,000	27,000
		1,398	28,342	33,096
NET ASSETS		251,453	539,694	883,907
CAPITAL AND RESERVES				
Share capital		*	*	*
Reserves	*20*	110,646	132,307	155,454
Retained earnings		140,725	407,174	728,148
Total equity attributable to equity shareholders of the Target Company		251,371	539,481	883,602
Non-controlling interests		82	213	305
TOTAL EQUITY		251,453	539,694	883,907

* The balance represents an amount less than RMB500.

The accompanying notes form part of the Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

		Attributable to equity shareholders of the Target Company								
	Note	Share capital RMB'000 (Note 20(b))	Share premium RMB'000 (Note 20(d))	Capital reserve RMB'000 (Note 20(d))	Statutory surplus reserves RMB'000 (Note 20(d))	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2020		—	—	100,000	50,000	—	161,300	311,300	(154)	311,146
Changes in equity for year ended 31 December 2020										
Total comprehensive income for the year		—	—	—	—	(51)	248,455	248,404	236	248,640
Appropriation to statutory reserve		—	—	—	39,030	—	(39,030)	—	—	—
Deemed distribution arising from reorganisation	20(d)(ii)	—	—	(100,000)	—	—	—	(100,000)	—	(100,000)
Capital injection as part of the Reorganisation		*	—	21,667	—	—	—	21,667	—	21,667
Dividends declared	20(c)	—	—	—	—	—	(230,000)	(230,000)	—	(230,000)
Balance at 31 December 2020		*	—	21,667	89,030	(51)	140,725	251,371	82	251,453

* The balance represents an amount less than RMB500.

	Attributable to equity shareholders of the Target Company								
	Share capital RMB'000 (Note 20(b))	Share premium RMB'000 (Note 20(d))	Capital reserve RMB'000 (Note 20(d))	Statutory surplus reserves RMB'000 (Note 20(d))	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2021	*	—	21,667	89,030	(51)	140,725	251,371	82	251,453
Changes in equity for year ended 31 December 2021									
Total comprehensive income for the year	—	—	—	—	3	288,107	288,110	131	288,241
Appropriation to statutory reserve	—	—	—	21,658	—	(21,658)	—	—	—
Balance at 31 December 2021	*	—	21,667	110,688	(48)	407,174	539,481	213	539,694

* The balance represents an amount less than RMB500.

	Attributable to equity shareholders of the Target Company								
	Share capital *RMB'000* *(Note 20(b))*	**Share premium** *RMB'000* *(Note 20(d))*	**Capital reserve** *RMB'000* *(Note 20(d))*	**Statutory surplus reserves** *RMB'000* *(Note 20(d))*	**Exchange reserve** *RMB'000*	**Retained profits** *RMB'000*	**Total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total equity** *RMB'000*
Balance at 1 January 2022	*	—	21,667	110,688	(48)	407,174	539,481	213	539,694
Changes in equity for year ended 31 December 2022									
Total comprehensive income for the year	—	—	—	—	(24)	344,145	344,121	30	344,151
Appropriation to statutory reserve	—	—	—	23,271	—	(23,271)	—	—	—
Capital injection	—	—	—	—	—	—	—	100	100
Dividends declared	—	—	—	—	—	—	—	(38)	(38)
Balance at 31 December 2022	*	—	21,667	133,859	(72)	728,148	883,602	305	883,907

* The balance represents an amount less than RMB500.

The accompanying notes form part of the Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in RMB)

		Year ended 31 December		
		2020	**2021**	**2022**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Operating activities				
Cash generated from operations	*16(b)*	414,084	341,608	587,576
Income tax paid	*19(a)*	(57,284)	(89,842)	(78,001)
Net cash generated from operating activities		356,800	251,766	509,575
Investing activities				
Net cash inflow on purchase, disposal or redemption of financial assets measured at FVPL		2,442	4,290	—
Repayment of loans receivable from related parties		—	—	19,000
Interest received		13,043	7,662	728
Proceeds on disposal of property, plant and equipment		61	186	4,241
Purchase of property, plant and equipment		(1,349)	(10,845)	(12,119)
Provision of loans to related parties		—	(430,000)	(784,480)
Acquisition of an associate		(40,000)	—	(2,000)
Net cash used in investing activities		(25,803)	(428,707)	(774,630)

		Year ended 31 December		
		2020	2021	2022
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Financing activities				
Capital injection		21,616	—	100
Dividends paid	*20(c)*	(230,000)	—	—
Deemed distribution arising from reorganisation		(100,000)	—	—
Listing expense paid		(1,455)	(7,882)	(1,338)
Interest element of lease rentals paid	*16(c)*	(196)	(256)	(595)
Capital element of lease rentals paid	*16(c)*	(1,882)	(4,458)	(3,973)
Net cash used in financing activities		(311,917)	(12,596)	(5,806)
Net increase/(decrease) in cash and cash equivalent		19,080	(189,537)	(270,861)
Cash and cash equivalents at 1 January	*16(a)*	781,682	800,762	610,563
Effect of foreign exchange rate changes		—	(662)	1,749
Cash and cash equivalents at 31 December	*16(a)*	800,762	610,563	341,451

The accompanying notes form part of the Financial Information.

NOTES TO THE FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

Century Golden Resources Services Group Co., Ltd. (the "**Target Company**") was incorporated in the Cayman Islands on 24 August 2020 as an exempted company with limited liability under the Companies Act, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Target Company is an investment holding company and has not carried on any business operations since the date of its incorporation save for the reorganisation mentioned below. The Target Company and its subsidiaries (together, the "**Target Group**") is principally engaged in the property management services and value-added services (the "**Target Business**") in the People's Republic of China (the "**PRC**").

Prior to the incorporation of the Target Company, the Target Business was carried out by Century Life Property Services Group Co., Ltd and its subsidiaries (together, the "**Century Life Property Group**"). The ultimate controlling shareholder of Century Life Property Group is Mr. Huang Tao (the "**Ultimate Owner**"). The Target Group underwent a corporate reorganisation (the "**Reorganisation**") in 2020. Upon completion of the Reorganisation on 11 December 2020, the Target Company became the holding company of the companies now comprising the Target Group.

The Reorganisation only involved interspersing the Target Company and certain investment holding companies, which are newly formed entities with no substantive business operations, as the new holding companies of Century Life Property Group. There were no changes in the economic substance of the ownership of Century Life Property Group and the Target Business of the Target Group before and after the Reorganisation. Consequently, the Financial Information has been prepared and presented as a continuation of the consolidated financial statements of Century Life Property Group with the assets and liabilities recognised and measured at their historical carrying amounts prior to the Reorganisation.

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 of the Target Group include the financial performance and cash flows of the companies now comprising the Target Group for the Relevant Periods as if the current group structure had been in existence and remained unchanged throughout the Relevant Periods (or where a company now comprising the Target Group was incorporated or established or first under common control at a date later than 1 January 2020, for the period from the date of incorporation or establishment or becoming under common control, where this is a shorter period). The consolidated statements of financial position of the Target Group as at 31 December 2020, 2021 and 2022 have been prepared to present the state of affairs of the companies now comprising of the Target Group as at those dates as if the current group structure had been in existence as at the respective dates, taking into account the respective dates of incorporation, establishment or becoming under common control, where applicable.

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

As at the date of this report, no audited financial statements have been prepared for the Target Company. The financial statements of companies comprising Century Life Property Group for the years ended 31 December 2020, 2021 and 2022, were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC.

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

Company name	Place and date of incorporation/ establishment and operation	Particulars of registered/paid-up capital	Proportion of ownership interest Held by the Target Company	Held by a subsidiary	Principal activities
Flourishing Age Limited	Hong Kong/ 7 Sep 2020	1 share	100%	—	Investment holding
Bliss Dawn Limited	Hong Kong/ 7 Sep 2020	1 share	100%	—	Investment holding
Beijing Century Yongying Property Service Co., Ltd. 北京世紀永盈物業服務有限責任公司 *(Notes (ii) and (iii))*	The PRC/ 14 Oct 2020	USD1,000,000/ USD0	—	100%	Investment holding
Century Life Property Services Group Co., Ltd. 世紀生活物業服務集團有限公司 *(Notes (i) and (iii))*	The PRC/ 27 Jan 2011	RMB100,000,000/ RMB100,000,000	—	100%	Property management
Century Golden Resources Property Services Group Co., Ltd. 世紀金源物業服務集團有限公司 *(Notes (i) and (iii))*	The PRC/ 07 Mar 2005	RMB50,000,000/ RMB50,000,000	—	100%	Property management
Century Yihe Property Services Group Co., Ltd. 世紀頤和物業服務集團有限公司 *(Notes (i) and (iii))*	The PRC/ 10 Jan 2008	RMB50,000,000/ RMB5,900,000	—	100%	Property management
Beijing Centown Property Management Co., Ltd. 北京世紀城物業管理有限公司 *(Notes (i) and (iii))*	The PRC/ 08 Mar 2001	RMB30,000,000/ RMB7,000,000	—	100%	Property management
Beijing Century Yihe Property Management Co., Ltd. 北京世紀頤和物業管理有限責任公司 *(Notes (i) and (iii))*	The PRC/ 06 May 2003	RMB9,000,000/ RMB9,000,000	—	100%	Property management
Beijing Century Golden Resources Property Management Co., Ltd. 北京世紀金源物業管理有限公司 *(Notes (i) and (iii))*	The PRC/ 09 Jun 2000	RMB1,500,000/ RMB1,500,000	—	100%	Property management
Fuzhou Golden Resources Property Management Co., Ltd. 福州金源物業管理有限公司 *(Notes (i) and (iii))*	The PRC/ 24 Dec 1992	RMB5,000,000/ RMB5,000,000	—	100%	Property management
Fujian Yongfeng Jiye Mechanical and Electrical Installation Engineering Co., Ltd. 福建永豐基業機電安裝工程有限公司 *(Notes (i) and (iii))*	The PRC/ 25 Jan 2017	RMB10,000,000/ RMB1,000,000	—	100%	Machine installation
Qushui Centown Property Services Co., Ltd. 重慶世紀金源物業服務有限公司 *(Notes (i) and (iii))*	The PRC/ 28 May 2018	RMB5,000,000/ RMB0	—	100%	Property management
Tengchong Centown Property Management Co., Ltd. 騰沖世紀城物業管理有限公司 *(Notes (i) and (iii))*	The PRC/ 27 Sep 2011	RMB3,000,000/ RMB3,000,000	—	100%	Property management
Xishuangbanna Riverside Holiday Manor Property Co., Ltd. 西雙版納濱江度假莊園物業有限公司 *(Notes (i) and (iii))*	The PRC/ 23 Feb 2011	RMB1,000,000/ RMB1,000,000	—	100%	Property management

Company name	Place and date of incorporation/ establishment and operation	Particulars of registered/paid-up capital	Proportion of ownership interest Held by the Target Company	Held by a subsidiary	Principal activities
Beijing Century Min'an Heating Co., Ltd. 北京世紀民安供暖有限責任公司 *(Notes (i) and (iii))*	The PRC/ 13 Oct 2016	RMB5,000,000/ RMB0	—	100%	Heat supply related services
Hefei Binhu Centown Property Management Co., Ltd. 合肥濱湖世紀城物業管理有限公司 *(Notes (i) and (iii))*	The PRC/ 10 Jul 2008	RMB5,000,000/ RMB5,000,000	—	100%	Property management
Changsha Century Golden Resources Property Management Co., Ltd. 長沙世紀金源物業管理有限責任公司 *(Notes (i) and (iii))*	The PRC/ 26 Nov 2007	RMB5,000,000/ RMB5,000,000	—	100%	Property management
Zhuzhou Dijing Property Management Co., Ltd. 株洲市締景物業管理有限公司 *(Notes (i) and (iii))*	The PRC/ 08 Oct 2014	RMB500,000/ RMB500,000	—	70%	Property management
Beijing Yizhai Technology Co., Ltd. 北京宜宅科技有限責任公司 *(Notes (i) and (iii))*	The PRC/ 26 Jun 2013	RMB3,000,000/ RMB3,000,000	—	100%	Retail
Beijing Shunxinju Construction Engineering Co., Ltd. 北京順欣居建築工程有限公司 *(Notes (i) and (iii))*	The PRC/ 19 Jan 2020	RMB15,000,000/ RMB8,000,000	—	100%	Construction
Heze Tianchuang Jinyuan Property Management Co., Ltd. 菏澤天創金源物業管理有限公司 *(Notes (i) and (iii))*	The PRC/ 27 Jan 2022	RMB1,000,000/ RMB0	—	51%	Property management
Fuyang Century Yanxuan Information Technology Co., Ltd. 阜陽世紀嚴選信息科技有限責任公司 *(Notes (i) and (iii))*	The PRC/ 11 May 2022	RMB3,000,000/ RMB0	—	100%	Trading
Beijing Century Yanxuan Trading Co., Ltd. 北京世紀嚴選商貿有限公司 *(Notes (i) and (iii))*	The PRC/ 17 Feb 2022	RMB1,000,000/ RMB700,000	—	70%	Trading
Yuanpin Zhenwei (Gaobeidian) Trading Co., Ltd. 源品真味（高碑店）商貿有限公司 *(Notes (i) and (iii))*	The PRC/ 23 Mar 2022	RMB1,000,000/ RMB800,000	—	70%	Trading
Anhui Yizhai Keyuan Information Technology Co., Ltd. 安徽宜宅科源信息科技有限責任公司 *(Notes (i) and (iii))*	The PRC/ 25 Apr 2022	RMB5,000,000/ RMB0	—	100%	Retail
Luoyuan Yizhai Keyuan Information Technology Co., Ltd. 羅源宜宅科源信息科技有限責任公司 *(Notes (i) and (iii))*	The PRC/ 24 May 2022	RMB1,000,000/ RMB0	—	100%	Retail
Xishuangbanna Keyuan Information Technology Co., Ltd. 西雙版納科源信息科技有限責任公司 *(Notes (i) and (iii))*	The PRC/ 07 Jun 2022	RMB1,000,000/ RMB0	—	100%	Retail

Notes:

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

(ii) This entity was registered as a foreign-invested enterprise under the laws and regulations in the PRC.

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

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

The Financial Information has been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**") which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board ("**IASB**"). Further details of the significant accounting policies adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRSs. For the purpose of the Financial Information, the Target Group has adopted all applicable new and revised IFRSs throughout the Relevant Periods, except for any new standards or interpretations that are not yet effective for the accounting period beginning 31 December 2022. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning 31 December 2022 are set out in Note 26.

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

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of measurement

The Financial Information are prepared in RMB, rounded to the nearest thousands, except as otherwise stated. The measurement basis used in the preparation of the financial statements is the historical cost basis.

The functional currency of the Company is Hong Kong dollars ("**HK$**"). The consolidated financial statements are presented in RMB as all of the Target Group's operations are conducted by the Target Company's subsidiaries established in the mainland China and the functional currency of which is RMB.

(b) Use of estimates and judgements

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

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

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

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Target Group. The Target 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 Target Group has power, only substantive rights (held by the Target Group and other parties) are considered.

An investment in a subsidiary is consolidated into the 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 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 Target Company, and in respect of which the Target Group has not agreed any additional terms with the holders of those interests which would result in the Target 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 Target 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 Target Company. Non-controlling interests in the results of the Target Group are presented on the face of 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 period between non-controlling interests and the equity shareholders of the Target Company.

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

(d) 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 Target 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.

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

(e) Associates

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

An investment in an associate is accounted for in the Financial Information under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Target Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Target Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Target Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(j)(ii)). Any acquisition date excess over cost, the Target Group's share of the post-acquisition, post-tax results and other comprehensive income of the investees, and any impairment losses for the period are recognised in the consolidated statement of profit or loss and other comprehensive income.

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

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

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

In all other cases, when the Target Group ceases to have significant influence over an associate or, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(f)).

In the Target Company's statement of financial position, investments in associates are stated at cost less impairment losses (see Note 2(j)(ii)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

(f) Other Investments in debt and equity securities

The Target 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 Target 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. These investments are subsequently accounted for as follows, depending on their classification.

Non-equity investments held by the Target 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(s)(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.

— 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) Property, plant and equipment

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

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

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

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

— Machinery and equipment	3-10 years
— Vehicles	4-10 years
— Electronic and other equipment	3-10 years

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

(h) Intangible assets

Intangible assets that are acquired by the Target Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(j)).

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 — mini program and applets	2 years
— Software — software and systems	10 years

Both the period and method of amortisation are reviewed annually.

(i) Leased assets

At inception of a contract, the Target 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 Target 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 Target 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 Target Group are primarily office equipment. When the Target Group enters into a lease in respect of a low-value asset, the Target 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(g) and 2(j)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Target 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 Target 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.

(ii) As a lessor

When the Target 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 Target 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(s)(iii).

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Target 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 and other receivables and loan receivables; and

— contract assets as defined in IFRS 15.

Other financial assets measured at fair value, including equity and debt securities measured at FVPL and equity securities designated at FVOCI (non-recycling), 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 Target Group in accordance with the contract and the cash flows that the Target Group expects to receive).

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

— fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof.

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

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

ECLs are measured on either of the following bases:

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

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

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Target 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 Target 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 Target 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 Target Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Target Group in full, without recourse by the Target Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Target 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 Target Group.

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

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

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(s)(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 Target 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 Target 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 non-current assets

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

— property, plant and equipment;

— intangible assets;

— right-of-use assets; and

— interests in associates.

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

— Calculation of recoverable amount

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

— Recognition of impairment losses

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

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

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

(k) Inventories

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

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

— Cost is calculated using the first-in, first-out 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.

(l) Contract assets and contract liabilities

A contract asset is recognised when the Target Group recognises revenue (see Note 2(s)) 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(j) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(m)).

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

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(s)).

(m) Trade and other receivables

A receivable is recognised when the Target 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 Target Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see Note 2(l)).

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

(n) Cash and cash equivalents

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

(o) Trade and other payables

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

(p) Employee benefits

Short term employee benefits and contributions to defined contribution retirement plans.

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to the PRC local retirement schemes, pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in profit or loss as incurred.

(q) Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to business combinations and items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous period.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Target Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Target Company of the Target Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Target Company of the Target Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(r) Provisions, contingent liabilities

Provisions are recognised when the Target 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.

(s) Revenue and other income

Income is classified by the Target Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Target Group's assets under leases in the ordinary course of the Target 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 such as value added tax or other sales taxes.

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

(i) Property management services and value-added services

For property management services, the Target Group recognises revenue in the amount to which the Target Group has the right to invoice based on the value of performance completed on a monthly basis.

For property management services income arising from properties managed under lump sum basis, where the Target Group acts as principal, the Target Group entitles to revenue at the value of property management services fee received or receivable. For property management services income arising from properties managed under commission basis, where the Target Group acts as an agent of the property owners, the Target Group entitles to revenue at a pre-determined percentage or fixed amount of the property management services fees the property owners are obligated to pay.

Value-added services mainly include heating, cleaning, repair and maintenance services and other community value-added services to property owners. The Target Group recognises revenue when the respective services are rendered. Value-added services are normally billable immediately upon the services are rendered.

If contracts involve the provision of multiple services, the transaction prices are allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

(ii) Sales of goods

Revenue is recognised when the customer takes possession of and accepts the goods.

(iii) Dividends

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

(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(j)).

(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 Target Group will comply with the conditions attaching to them. Grants that compensate the Target Group for expenses incurred are recognised as deduction of the expenses in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Target 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.

(t) Translation of foreign currencies

Foreign currency transactions during the period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Target Company initially recognises such non-monetary assets or liabilities.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

(u) Related parties

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

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

(ii) has significant influence over the Target Group; or

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

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

(i) The entity and the Target 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 Target Group or an entity related to the Target 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 Target Group or to the Target Group's parent.

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

3 ACCOUNTING JUDGEMENT AND ESTIMATES

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

Key sources of estimation uncertainty in the preparation of the Financial Information are as follows:

(i) Expected credit losses for receivables

The credit losses for trade and other receivables are based on assumptions about risk of expected credit loss rates. The Target Group uses judgement in making these assumptions and selecting the inputs to the expected credit loss calculation, based on the Target Group's past 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 21(a). 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 period.

(ii) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determine the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Target Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future period.

4 REVENUE

The principal activities of the Target Group are provision of management services including property management services and value-added services.

(i) Disaggregation of revenue

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15			
Property management services	1,022,882	1,427,010	1,532,366
Value-added services and others	266,080	373,171	355,855
	1,288,962	1,800,181	1,888,221

For the year ended 31 December 2021 and 2022, revenue from Century Golden Resources Investment Group Co., Ltd. (a company controlled by the Ultimate Owner) and its subsidiaries (collectively, the "**Century Golden Resources Group**") contributed 12.80% and 15.8% of the Target Group's revenue, respectively. Other than the above transactions with the Century Golden Resources Group, none of the Target Group's customers contributed 10% or more of the Target Group's revenue during the three years ended 31 December 2020, 2021 and 2022.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Over time	1,224,813	1,664,522	1,723,523
Point in time	64,149	135,659	164,698
	1,288,962	1,800,181	1,888,221

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

For property management services, the Target Group recognises revenue when the services are provided on monthly basis and recognises to which the Target Group has a right to invoice and that corresponds directly with the value of performance completed. The Target 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 value-added services, they are rendered in short period of time and there is no significant unsatisfied performance obligation at the end of respective reporting periods.

5 OTHER INCOME

		Year ended 31 December		
		2020	2021	2022
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Government grants	*(i)*	16,265	17,528	15,877
Gains on disposal of property, plant and equipment		25	—	10
Interest income	*(ii)*	13,043	7,662	17,426
Net realised gains on financial assets measured at FVPL		2,442	4,290	—
Others		2,441	1,595	4,293
		34,216	31,075	37,606

Notes:

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

(ii) Interest income represents interest from cash at bank and loan receivables from related parties with fixed interest rates.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance cost

	Year ended 31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	196	256	595

(b) Staff costs

	Year ended 31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and other benefits	489,597	577,086	647,480
Contributions to defined contribution retirement plan	5,769	57,288	64,936
	495,366	634,374	712,416

Employees of the Target 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 Target 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. Contributions to the retirement scheme vest immediately, there is no forfeited contributions that may be used by the Target Group to reduce the existing level of contribution.

To reduce the impact of the COVID-19 pandemic on enterprises, governments in certain regions in the PRC have gradually reduce or exempt the social insurance contributions for the period from February to December 2020.

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

(c) Other items

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge			
— owned property, plant and equipment *(Note 9)*	3,448	4,026	7,544
— right-of-use assets	1,865	3,747	4,409
Amortisation of intangible assets	188	167	167
Expected credit losses			
— trade and other receivables	7,670	17,991	11,124
Expenses relating to short-term leases	1,016	2,675	3,179
Cost of inventories *(Note 12)*	14,559	22,328	28,964

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

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

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Current tax — PRC Corporate Income Tax			
Provision for the year	67,802	91,654	95,583
Deferred tax			
Origination and reversal of temporary differences *(Note 19(b))*	(2,391)	24,613	(1,722)
	65,411	116,267	93,861

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

	Year ended 31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Profit before taxation	314,102	404,505	438,036
Notional tax on profit before taxation, calculated at the rates applicable *(Note (i))*	78,526	101,126	109,510
Tax effect of PRC preferential tax *(Notes (ii) and (iii))*	(18,007)	(19,311)	(17,439)
Tax effect of non-deductible expenses	3,917	1,239	1,503
Tax effect of share of results of equity-accounted investees	—	447	770
Tax effect of utilising tax losses not recognised	(205)	(280)	(4,337)
Tax effect of unused tax losses and temporary differences not recognised	1,180	6,046	3,854
Effect of withholding tax on the distributable profits of the Target Group's PRC subsidiaries *(Note 19(b))*	—	27,000	—
Actual tax expense	65,411	116,267	93,861

Notes:

(i) Pursuant to the tax rules and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Target Group is not subject to any income tax in the Cayman Islands and the BVI.

The income tax rate applicable to the Target Group's subsidiary incorporated in Hong Kong for the taxable profits during the Relevant Periods is 16.5%. No provision for Hong Kong Profit Tax has been made as the Target Group did not earn any income subject to Hong Kong Profit Tax during the Relevant Periods.

The Target Group's PRC subsidiaries are subject to PRC Enterprise Income Tax at 25%.

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

(iii) Certain subsidiaries have been approved as Small Low-profit Enterprises ("**SLE**"). These subsidiaries are subject to a preferential income tax rate of 5% or 10% in certain years.

8 DIRECTORS' EMOLUMENTS

Directors' emoluments for the Relevant Periods are as follows:

Name of directors	Directors' fee	Basic salaries and allowance	Discretionary bonus	Retirement benefit contribution	Total
	Year ended 31 December 2020				
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman and Executive Director					
Zhai Bingquan	—	313	1,232	4	1,549
Executive Directors					
Yu Guangfeng	—	306	632	3	941
Liu Zhanjun	—	221	693	3	917
	—	840	2,557	10	3,407

Name of directors	Directors' fee	Basic salaries and allowance	Discretionary bonus	Retirement benefit contribution	Total
	Year ended 31 December 2021				
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman and Executive Director					
Zhai Bingquan	—	466	1,112	66	1,644
Executive Directors					
Yu Guangfeng	—	371	787	60	1,218
Liu Zhanjun	—	309	760	48	1,117
Non-executive directors					
Bian Sifang (appointed on 11 January 2021)	—	—	—	—	—
Lin Zhonghua (appointed on 11 January 2021)	—	—	—	—	—
Jiang Jianguo (appointed on 11 January 2021)	—	—	—	—	—
Independent non-executive directors					
Zhu Keshi (appointed on 11 January 2021)	—	—	—	—	—
Hong Deli (appointed on 11 January 2021)	—	—	—	—	—
Zhang Yunyan (appointed on 11 January 2021)	—	—	—	—	—
	—	1,146	2,659	174	3,979

	Year ended 31 December 2022				
Name of director	Directors' fee	Basic salaries and allowance	Discretionary bonus	Retirement benefit contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman and Executive Director					
Zhai Bingquan	—	901	150	54	1,105
Executive Directors					
Yu Guangfeng	—	657	165	50	872
Liu Zhanjun	—	590	234	40	864
Non-executive directors					
Bian Sifang	—	—	—	—	—
Lin Zhonghua	—	—	—	—	—
Jiang Jianguo	—	—	—	—	—
Independent non-executive directors					
Zhu Keshi	—	—	—	—	—
Hong Deli	—	—	—	—	—
Zhang Yunyan	—	—	—	—	—
	—	2,148	549	144	2,841

On 24 August 2020, Mr. Zhai Bingquan was appointed as the Executive Director of the Target Company. All other directors were appointed on 11 January 2021. The emoluments shown above represent remuneration received from the Target Group by them in their capacity as employees of the Target Group or directors of the Target Company during the Relevant Periods.

During the Relevant Periods, no emoluments were paid by the Target Group to the directors as an inducement to join or upon joining the Target Group or as compensation for loss of office. No director of the Target Group waived or agreed to waive any emoluments during the Relevant Periods.

9 PROPERTY, PLANTS AND EQUIPMENT

	Machinery and equipment *RMB'000*	Vehicles *RMB'000*	Electronic equipment *RMB'000*	Other equipment *RMB'000*	Total *RMB'000*
Cost:					
At 1 January 2020	14,190	8,799	7,782	6,234	37,005
Additions	3	403	621	322	1,349
Disposals	(659)	(245)	(241)	(147)	(1,292)
At 31 December 2020	13,534	8,957	8,162	6,409	37,062
Additions	193	165	890	9,597	10,845
Disposals	(544)	(105)	(279)	(278)	(1,206)
At 31 December 2021	13,183	9,017	8,773	15,728	46,701
Additions	116	966	2,282	8,158	11,522
Disposals	(3)	(817)	(2,757)	(1,161)	(4,738)
At 31 December 2022	13,296	9,166	8,298	22,725	53,485
Accumulated depreciation:					
At 1 January 2020	(5,093)	(4,983)	(6,622)	(3,897)	(20,595)
Charge for the year	(1,179)	(1,270)	(496)	(503)	(3,448)
Written back on disposals	657	223	235	141	1,256
At 31 December 2020	(5,615)	(6,030)	(6,883)	(4,259)	(22,787)
Charge for the year	(1,156)	(1,241)	(585)	(1,044)	(4,026)
Written back on disposals	527	100	205	188	1,020
At 31 December 2021	(6,244)	(7,171)	(7,263)	(5,115)	(25,793)
Charge for the year	(1,144)	(970)	(608)	(4,822)	(7,544)
Written back on disposals	3	80	822	192	1,097
At 31 December 2022	(7,385)	(8,061)	(7,049)	(9,745)	(32,240)
Carrying amount:					
At 31 December 2022	5,911	1,105	1,249	12,980	21,245
At 31 December 2021	6,939	1,846	1,510	10,613	20,908
At 31 December 2020	7,919	2,927	1,279	2,150	14,275

10 RIGHT-OF-USE ASSETS

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

	At 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Office premises for own use	3,391	5,397	9,422

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

	Years ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets	1,865	3,747	4,409
Interest on lease liabilities *(Note 6(a))*	196	256	595
Expense relating to short-term leases	1,016	2,675	3,179

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 16(c) and 18, respectively.

11 INTERESTS IN ASSOCIATES

On 25 December 2020, the Target Group acquired 25% equity interests of Changsha Wanwei Robot Co., Ltd. ("**Wanwei Robot**") by a capital injection of RMB40 million. Wanwei Robot, a limited liability company established in Hunan Province of the PRC, mainly engages in research and development, production, sales and technology support of mobile robot chassis and control modules, security operational systems and security robots.

On 13 August 2022, the Target Group acquired 40% equity interests of Qingdao Hongtou Centown Property Management Co., Ltd. ("Qingdao Hongtou") by a capital injection of RMB2 million. Qingdao Hongtou is principally engaged in the property management services and value-added services.

			Proportion of ownership interest		
Company name	**Place and date of incorporation**	**Particulars of registered and paid-up capital**	**Held by the Target Company**	**Held by a subsidiary**	**Principal activities**
Wanwei Robot	The PRC/ 10 Oct 2018	RMB20,000,000/ RMB20,000,000	—	25%	Production and sales of robot related products
Qingdao Hongtou	The PRC/ 10 June 2022	RMB5,000,000/ RMB5,000,000	—	40%	Property management services and value-added services

Wanwei Robot and Qingdao Hongtou are unlisted companies whose quoted market price are not available.

Summarised financial information of Wanwei Robot, adjusted for any differences in accounting policies, and reconciliation to the carrying amount in the consolidated financial statements, as disclosed below:

	At 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Gross amount of Wanwei Robot			
Current assets	76,158	67,609	57,866
Non-current assets	70,378	68,916	71,383
Current liabilities	25,536	22,681	27,189
Equity	121,000	113,844	102,060
Reconciliation to the Target Group's interests in the associate			
Gross amounts of the net assets of the associate	121,000	113,844	102,060
Group's effective interests	25%	25%	25%
Group's share of net assets of the associate	30,250	28,461	25,515
Goodwill	9,750	9,750	9,750
Carrying amount in the consolidated financial statements	40,000	38,211	35,265

In 2020, revenue and results of Wanwei Robot are not material. The selected profit or loss information of Wanwei Robot for the year ended 2021 and 2022 is disclosed below:

	2021	**2022**
	RMB'000	*RMB'000*
Gross amounts		
Revenue	46,589	14,797
(Loss) and total comprehensive income for the year	(7,156)	(11,784)

Aggregate information of associate that is not individually significant:

	2022
	RMB'000
Aggregate carrying amount of individually immaterial associate in the consolidated financial statements	1,864
Aggregate amount of the Target Company's share of associate's loss and total comprehensive income	(136)

12 INVENTORIES

	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials and consumables	6,898	9,462	9,428
Goods for sales	1,496	5,725	10,482
	8,394	15,187	19,910

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

	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of inventories sold	14,559	22,328	28,964

13 LOANS AND INTEREST DUE FROM RELATED PARTIES

The loans due from related parties controlled by the Ultimate Owner are interest-bearing at an interest rate of 2% per annum and with no fixed term of repayment.

All loans due from related parties were secured by a property of Hunan Century Golden Resources Real Estate Shopping Center Co., Ltd. ("**Hunan Century Golden**"), a company controlled by the Ultimate Owner, with a fair value of RMB2,028,615,000.

The following table presents the fair value of the pledged property measured as at 31 December 2022 on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

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

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

Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value 2022
	RMB'000
Secured property located in the PRC — Level 3	2,028,615

The valuations were carried out by an independent firm, Beijing Hengxin Assets Valuation Limited, with recent experience in the location and category of property being valued. The Target Group's management have had discussion with the surveyors on the valuation assumptions and valuation.

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

Investment properties pledged	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Shopping Center pledged, located in Changsha PRC	Income approach The key inputs are: 1. Capitalisation rate; 2. Unit rent of individual unit;	Capitalisation rate: 6% Unit rent per sq.m. per month: RMB25-RMB551	The higher the capitalisation rate, the lower the fair value. The higher unit rent, the higher the fair value.

The fair value of investment properties is determined based on income approach. Under the income approach, the fair value of investment properties is estimated based on capitalisation rate and unit rent. The unit rent mainly made reference to the rents in existing lease.

Hunan Century Golden leases out the pledged property under operating lease. The lease typically run for an initial period of 1 to 20 years, with an option to renew the lease after that date at which time all terms are renegotiated.

14 TRADE AND OTHER RECEIVABLES

	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
— Related parties controlled by the ultimate owner	11,116	36,097	82,858
— Third parties	168,906	223,719	276,654
Less: Allowance for trade receivables	(24,021)	(37,681)	(50,036)
	156,001	222,135	309,476
Other receivables			
— Related parties controlled by the ultimate owner	5,888	15,390	20,620
— Deposits and prepayments	34,458	47,457	68,831
— Payments on behalf of residents/tenants	16,697	31,871	37,956
— Advances to employees	3,930	5,831	6,873
— Others	5,173	1,710	2,172
Less: Allowance for other receivables	(3,157)	(7,488)	(6,129)
	218,990	316,906	439,799

Trade receivables are primarily related to revenue generated from property management services, out of which RMB78,580,000 of trade receivables from related parties controlled by the ultimate owner was guaranteed by Century Golden investment Group Co., Ltd. All of the trade and other receivables are expected to be recovered or recognised as expenses within one year.

(a) Ageing analysis

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

	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	115,185	168,643	239,621
1 to 2 years	27,609	35,794	44,467
2 to 3 years	8,149	12,564	17,439
3 to 4 years	3,892	4,016	6,666
4 to 5 years	1,166	1,118	1,283
	156,001	222,135	309,476

Trade receivables are due when the receivables are recognised. Further details on the Target Group's credit policy and credit risk arising from trade receivables are set out in Note 21(a).

(b) Impairment of trade receivables

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

	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
At 1 January	17,445	24,021	37,681
Credit loss recognised	6,576	13,660	12,512
Amounts written off during the year	—	—	(157)
At 31 December	24,021	37,681	50,036

15 CONTRACT LIABILITIES

	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Billings in advance of performance			
— Related parties controlled by the ultimate owner	65,422	23,436	129,124
— Third parties	328,128	383,020	513,631
	393,550	406,456	642,755

Movements in contract liabilities

	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Balance at 1 January	304,426	393,550	406,456
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	(285,716)	(371,277)	(395,786)
Increase by cash received	374,840	384,183	632,085
Balance at 31 December	393,550	406,456	642,755

The Target Group received advanced payments from property owners before rendering the services. This will give rise to contract liabilities until the revenue recognised on the project exceeds the amount of the advanced payments.

The amounts of contract liabilities expected to be recognised as income after more than one year are RMB22,273,000, RMB10,670,000 and RMB14,553,000 at 31 December 2020, 2021 and 2022, respectively.

16 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Cash in hand	2,313	2,174	821
Cash at bank	793,698	605,739	337,677
Deposits in other financial institutions	4,751	2,650	2,953
	800,762	610,563	341,451

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

	Note	2020	2021	2022
		RMB'000	*RMB'000*	*RMB'000*
Profit before taxation		314,102	404,505	438,036
Adjustments for:				
Interest income	*5*	(13,043)	(7,662)	(17,426)
Interest expense	*6(a)*	196	256	595
Depreciation of property, plant and equipment and right-of-use assets		5,313	7,773	11,953
Amortisation of intangible assets		188	167	167
Expected credit loss on trade and other receivables		7,670	17,991	11,124
Gains on disposal of property, plant and equipment	*5*	(25)	—	(10)
Net realised gains on financial assets measured at FVPL	*5*	(2,442)	(4,290)	—
Share of losses of associates		—	1,789	3,082
Changes in working capital:				
— Inventories		(739)	(6,793)	(4,723)
— Trade and other receivables		(54,868)	(114,719)	(135,488)
— Contract liabilities		89,124	12,906	236,298
— Trade and other payables		68,608	29,685	43,968
Cash generated from operations		414,084	341,608	587,576

(c) Reconciliation of liabilities arising from financing activities:

The tables below detail changes in the Target 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 Target Group's consolidated statements of cash flows as cash flows from financing activities.

	Lease liabilities *RMB'000*
At 1 January 2020	4,771
Changes from financing cash flows:	
Interest element of lease rentals paid	(196)
Capital element of lease rentals paid	(1,882)
Other changes:	
Increase in lease liabilities from entering into new leases during the year	639
Interest expenses *(Note 6(a))*	196
At 31 December 2020	3,528
At 1 January 2021	3,528
Changes from financing cash flows:	
Interest element of lease rentals paid	(256)
Capital element of lease rentals paid	(4,458)
Other changes:	
Increase in lease liabilities from entering into new leases during the year	5,752
Interest expenses *(Note 6(a))*	256
At 31 December 2021	4,822
At 1 January 2022	4,822
Changes from financing cash flows:	
Interest element of lease rentals paid	(595)
Capital element of lease rentals paid	(3,973)
Other changes:	
Increase in lease liabilities from entering into new leases during the year	8,435
Interest expenses *(Note 6(a))*	595
At 31 December 2022	9,284

17 TRADE AND OTHER PAYABLES

	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
— Related parties	32,339	29,786	33,389
— Third parties	96,975	105,204	104,941
	129,314	134,990	138,330
Other payables			
— Other taxes and charges payable	12,845	15,553	24,367
— Accrued payroll and other benefits	109,018	122,511	143,494
— Deposits	116,818	119,607	120,828
— Receipts on behalf of residents/tenants	43,823	42,319	47,151
— Others	11,943	11,108	15,885
	423,761	446,088	490,055

All the trade and other payables are expected to be settled or are repayable on demand.

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

	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	112,067	100,230	102,472
1 to 2 years	13,407	26,269	12,677
2 to 3 years	1,767	6,086	15,529
Over 3 years	2,073	2,405	7,652
	129,314	134,990	138,330

18 LEASE LIABILITIES

As of the end of each reporting period, the lease liabilities were repayable as follows:

	31 December 2020		31 December 2021		31 December 2022	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	2,130	2,186	3,480	3,559	3,188	3,258
After 1 year but within 2 years	1,227	1,308	1,263	1,345	1,839	1,979
After 2 years but within 5 years	171	198	79	91	4,257	4,986
	1,398	1,506	1,342	1,436	6,096	6,965
	3,528	3,692	4,822	4,995	9,284	10,223
Less: total future interest expenses		(164)		(173)		(939)
Present value of lease liabilities		3,528		4,822		9,284

19 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	2020 *RMB'000*	2021 *RMB'000*	2022 *RMB'000*
PRC Corporate Income Tax			
At 1 January	12,409	22,927	24,739
Charged to profit or loss *(Note 7)*	67,802	91,654	95,583
Payments during the year	(57,284)	(89,842)	(78,001)
At 31 December	22,927	24,739	42,321

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements during the Relevant Periods are as follows:

	Assets			Liabilities	
Deferred tax arising from:	**Credit loss allowance** *RMB'000*	**Unrealised profit and loss** *RMB'000*	**Accrued expenses** *RMB'000*	**Withholding tax on the distributable profits** *RMB'000*	**Total** *RMB'000*
At 1 January 2020	4,247	1,350	—	—	5,597
Credited/(charged) to profit or loss	1,459	(125)	1,057	—	2,391
At 31 December 2020 and 1 January 2021	5,706	1,225	1,057	—	7,988
Credited/(charged) to profit or loss	3,561	(117)	(1,057)	(27,000)	(24,613)
At 31 December 2021 and 1 January 2022	9,267	1,108	—	(27,000)	(16,625)
Credited/(charged) to profit or loss	1,861	(139)	—	—	1,722
At 31 December 2022	11,128	969	—	(27,000)	(14,903)

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(p), the Target Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB15,283,000, RMB 38,063,000 and RMB32,697,000 as of 31 December 2020, 2021 and 2022, respectively, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the end of the reporting period will expire in the following years:

	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
2021	972	—	—
2022	5,021	4,829	—
2023	767	632	578
2024	3,805	3,765	3,760
2025	4,718	4,652	4,321
2026	—	24,185	8,622
2027	—	—	15,416
	15,283	38,063	32,697

20 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Target Group's consolidated equity is set out in the consolidated statement of changes in equity.

(b) Share capital

The Target Company was incorporated as an exempted company with limited liability in the Cayman Islands on 24 August 2020, with an authorised share capital of US$50,000, divided into 5,000,000,000 shares with par value of US$0.00001 each.

For the purpose of the Financial Information, the share capital of the Target Group as at 31 December 2020, 2021 and 2022 represented the issued capital of the Target Company, comprising 10,000 shares of US$0.00001 per share.

(c) Dividends

No dividend has been declared by the Target Company since its incorporation.

Dividends of RMB330,000,000 have been declared and dividends of RMB230,000,000 have been paid by Century Life Property Service Group to its then shareholders during the year ended 31 December 2020.

(d) Nature and purpose of reserves

(i) Share premium

Share premium represents the difference between the consideration and the par value of the issued and paid-up shares of the Target Company.

(ii) Capital reserve

For the purpose of the Financial Information, the aggregate amount of the paid-in capital of Century Life Property Group as of 31 Dec 2019 and 2020 were recorded as capital reserve before the completion of the Reorganisation.

During the year ended 31 December 2020, Beijing Century Yongying, a subsidiary of the Target Group, acquired 92% equity interests in Century Life Property Group from the then equity holders of Century Life Property Group at a consideration of RMB100,000,000, as part of the Reorganisation. For the purpose of the preparation of the Financial Information, the consideration of RMB100,000,000 paid in connection with the acquisition are recorded within equity as deemed distribution arising from the Reorganisation.

Pursuant to the share swap agreement on 11 December 2020, the Target Company acquired 100% equity interest of Flourishing Age Limited from Forward Fame Limited at a consideration of 800 shares, representing 8% of the equity interest of the Target Company on a fully diluted basis. The excess of the par value over the share capital of the Target Company was recognised as capital reserve.

(iii) Statutory surplus reserve

For the purpose of the Financial Information, the statutory surplus reserve represented the statutory surplus reserve of the Target Group's subsidiaries established in the PRC.

Statutory surplus 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 its 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.

(e) Capital management

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

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

The Target Group monitors its capital based on the total equity reported in the statement of changes in equity.

21 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

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

The Target Group's exposure to these risks and the financial risk management policies and practices used by the Target 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 Target Group. The Target Group's credit risk is primarily attributable to cash at bank, financial assets measured at FVPL, trade and other receivables and contract assets. The Target Group's exposure to credit risk arising from cash and cash equivalents and financial assets measured at FVPL are limited because the counterparties are banks and financial institutions with a high credit standing assigned by the management of the Target Group, to which the Target Group considers to have low credit risk.

In respect of trade receivables due from related parties, payments on behalf of property owners, deposits and advances to employees included in other receivables, the Target Group has assessed that the expected credit loss rate for these receivables is immaterial under 12-month expected losses method based on historical settlement records, and that 95% of trade receivables due from related parties have further been secured by the guarantee provided by a company controlled by the Ultimate Owner as disclosed in note 14.

In respect of trade receivables due from third parties and contract assets, the Target Group measures loss allowances at an amount equal to lifetime ECLs based on historical settlement records. The Target Group has large number of customers and there was no concentration of credit risk. In addition, the Target Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Target 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 Relevant Periods. Normally, the Target Group does not obtain collateral from customers.

The following table provides information about the Target Group's exposure to credit risk and ECLs for trade receivables due from third parties as at 31 December 2020, 2021 and 2022.

	At 31 December 2020		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
within 1 year	5%	109,548	5,479
1-2 years	15%	32,481	4,872
2-3 years	30%	11,641	3,492
3-4 years	45%	7,076	3,184
4-5 years	75%	4,664	3,498
over 5 years	100%	3,496	3,496
		168,906	24,021

	At 31 December 2021		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
within 1 year	5%	139,524	6,978
1-2 years	20%	44,742	8,948
2-3 years	35%	19,329	6,765
3-4 years	50%	8,032	4,016
4-5 years	80%	5,592	4,474
over 5 years	100%	6,500	6,500
		223,719	37,681

	At 31 December 2022		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
within 1 year	5%	166,684	8,334
1-2 years	20%	53,600	10,720
2-3 years	35%	26,829	9,390
3-4 years	50%	13,332	6,666
4-5 years	80%	6,416	5,133
over 5 years	100%	9,793	9,793
		276,654	50,036

Expected loss rates are based on actual loss experience over the past two 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 Target Group's view of economic conditions over the expected lives of the receivables.

(b) Liquidity risk

Individual operating entities within the Target 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 board when the borrowings exceed certain predetermined levels of authority. The Target Group's policy is to regularly monitor its liquidity requirements, to ensure that it maintains sufficient reserves of cash 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 Target Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Target Group can be required to pay.

	At 31 December 2020					
	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
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	423,761	—	—	—	423,761	423,761
Lease liabilities	2,186	1,308	198	—	3,692	3,528
	425,947	1,308	198	—	427,453	427,289

	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
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	446,088	—	—	—	446,088	446,088
Lease liabilities	3,559	1,345	91	—	4,995	4,822
	449,647	1,345	91	—	451,083	450,910

	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
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	490,055	—	—	—	490,055	490,055
Lease liabilities	3,258	1,979	4,986	—	10,223	9,284
	493,313	1,979	4,986	—	500,278	499,339

(c) Fair value measurement

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

The carrying amounts of the Target Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2020, 2021 and 2022.

22 CONTINGENT ASSETS AND LIABILITIES

The Target Group did not have any material contingent liabilities as at 31 December 2020, 2021 and 2022.

23 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

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

	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Short-term employee benefits	7,528	9,466	7,379
Post-employment benefits	21	474	409
	7,549	9,940	7,788

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

(b) Significant related party transactions

During the Relevant Periods, the Target Group entered into the following transactions with its related parties.

	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Provision of property management services and other services to companies controlled by the Ultimate Owner	121,005	323,419	425,452
Receiving services from companies controlled by the Ultimate Owner	20,324	33,162	33,541
Purchase of goods from companies controlled by the Ultimate Owner	30,442	54,900	83,114
Provision of loans to companies controlled by the Ultimate Owner *(Note 13)*	—	430,000	784,480
Interest from companies controlled by the Ultimate Owner	—	—	17,699
Guarantee from a company controlled by the Ultimate Owner	—	—	78,580

(c) Balances with related parties

	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Trade related			
Trade receivables	11,116	36,097	82,858
Other receivables	5,888	15,390	20,620
Trade payables	32,339	29,786	33,389
Contract liabilities	65,422	23,436	129,124
Non-trade related			
Loans and interest from companies controlled by the Ultimate Owner *(Note 13)*	—	430,000	1,213,179

24 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

No significant subsequent events have occurred subsequent to 31 December 2022.

25 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2020, 2021 and 2022, the directors of the Target Company consider ultimate controlling party of the Target Group to be Mr. Huang Tao. Before completion of the Reorganisation, the immediate controlling party of the Target Company is Qushui Baiying Enterprise Management Co., Ltd. (曲水百盈企業管理有限責任公司). After completion of the Reorganisation, the immediate controlling party of the Target Company is Platinum Wish Limited.

26 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING PERIOD BEGINNING ON 31 DECEMBER 2022

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2022 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 17, *Insurance contracts*	1 January 2023
Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*	1 January 2024
Amendments to IAS 1, *Presentation of financial statements* and Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*	1 January 2023
Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*	1 January 2023
Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*	1 January 2023

The Target Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company and its subsidiaries in respect of any period subsequent to 31 December 2022.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

1. Introduction

The following is an illustrative unaudited pro forma consolidated statement of assets and liabilities of the Group (the "**Unaudited Pro Forma Financial Information**") in connection with the acquisition of 8% of the issued share capital of Century Golden Resources Services Group Co., Ltd. ("**Target Company**") (the "**Acquisition**") as described in the Section headed "Letter from the Board" in this circular. The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company on the basis of the notes set out below and in accordance with paragraph 4.29 of the Listing Rules for the purpose of illustrating the effects of the Acquisition, as if it has taken place on 31 December 2022 for the pro forma consolidated statement of assets and liabilities.

The Unaudited Pro Forma Financial Information has been prepared using accounting policies consistent with that of the Group, as set out in the annual report of the Group for the year ended 31 December 2022.

The Unaudited Pro Forma Financial Information of the Group should be read in conjunction with the financial information of the Group contained in the annual report of the Company for the year ended 31 December 2022 and the accountants' report of the Target Company and its subsidiaries (together "**Target Group**") as set out in Appendix II to this Circular.

The Unaudited Pro Forma Financial Information has been prepared by the Directors of the Group for illustrative purposes only and is based on a number of assumptions, estimates and currently available information. Because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not reflect the true picture of the financial position of the Group had the Acquisition been completed as at 31 December 2022 or at any future date.

2. Unaudited pro forma consolidated statement of assets and liabilities of the Group

	The Group as at 31 December 2022	Pro forma adjustments	Pro forma adjustments	Unaudited pro forma consolidated statement of assets and liabilities of the Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 2*	*Note 3*	
Non-current assets				
Investment properties	15,557	—	—	15,557
Property, plant and equipment	14,954	—	—	14,954
Intangible assets	39,661	—	—	39,661
Goodwill	181,696	—	—	181,696
Financial assets measured at fair value through profit or loss ("**FVPL**")	—	163,045	—	163,045
Interest in joint ventures	37	—	—	37
Interest in an associate	4,607	—	—	4,607
Other financial assets	4,165	—	—	4,165
Deferred tax assets	38,807	—	—	38,807
	299,484	163,045	—	462,529
Current assets				
Inventories	813	—	—	813
Contract assets	21,054	—	—	21,054
Trade and other receivables	518,496	—	—	518,496
Financial assets measured at FVPL	107,620	—	—	107,620
Restricted cash	24,277	—	—	24,277
Cash and cash equivalents	396,074	—	(5,029)	391,045
Other current assets	1,491	—	—	1,491
	1,069,825	—	(5,029)	1,064,796

	The Group as at 31 December 2022	Pro forma adjustments	Pro forma adjustments	Unaudited pro forma consolidated statement of assets and liabilities of the Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 2*	*Note 3*	
Current liabilities				
Trade and other payables	368,317	—	—	368,317
Contract liabilities	279,646	—	—	279,646
Current taxation	7,046	—	—	7,046
Financial liabilities measured at FVPL	—	163,045	—	163,045
Contingent consideration — current portion	11,679	—	—	11,679
	666,688	163,045	—	829,733
Net current assets	403,137	(163,045)	(5,029)	235,063
Total assets less current liabilities	702,621	—	(5,029)	697,592
Non-current liabilities				
Deferred tax liabilities	7,559	—	—	7,559
Contingent consideration — long term portion	20,655	—	—	20,655
	28,214	—	—	28,214
NET ASSETS	674,407	—	(5,029)	669,378

3. Notes to the unaudited pro forma statement of assets and liabilities of the Group

1. The balances were extracted from the consolidated statement of financial position of the Group as at 31 December 2022 as set out in the annual report of the Group for the year ended 31 December 2022.

2. The Company entered into the agreement (the "**Agreement**") to acquire 8% of the issued share capital of the Target Company (the "**Sale Shares**") at a total consideration of RMB163,045,449.60. The consideration will be satisfied by the issue and allotment of a total of 264,000,000 consideration shares (the "**Consideration Shares**") at the issue price of HKD0.68 per share by the Company. The amount of total consideration has been converted into Renminbi ("**RMB**") at the People's Bank of China rate of HKD1.00 to RMB0.90823 prevailing on 18 November 2022, being the last trading day prior to the date of the Agreement. No representation is made that Hong Kong dollars amount has been, could have been or may be converted to RMB, or vice versa, at that rate.

   Pursuant to the Agreement, the vendors of the Target Company (the "**Vendors**") have been granted at nil consideration a call option pursuant to which the Vendors have the right to exercise the call option within three years after the completion of the Acquisition (the "**Completion**") by requiring the Company to sell all the Sale Shares to the Vendors, the consideration of which shall be settled by way of transferring all the Consideration Shares at HKD0.68 per share to the Company for cancellation.

   Pursuant to the Agreement, the Company has been granted at nil consideration a put option pursuant to which the Company has the right to exercise the put option within three years after the Completion by requiring the Vendors to acquire all the Sale Shares from the Company, the consideration of which shall be settled by way of transferring all the Consideration Shares to the Company for cancellation.

   Upon the Completion, the investments in the Sale Shares, together with the put option granted to the Company, will be accounted for as financial assets measured at fair value through profit or loss. The call option written by the Company will be accounted as financial liabilities measured at fair value through profit or loss.

   For the purpose of the pro forma financial information, the fair values of the investments in the Sale Shares and call option written by the Company are determined by the directors of the Company with reference to a valuation conducted by an external valuer. The fair value of the put option granted to the Company was estimated to be minimal. The fair value of the Sale Shares and call option written by the Company at the date of Completion will likely be different from the fair value estimated above and hence the value to be recorded at the date of Completion will likely be different from that stated in this pro forma financial information.

3. The adjustment represents estimated transaction costs in connection with the Acquisition, including fees to legal adviser, reporting accountants and other professional parties. This adjustment does not have continuing effect on the Group.

4. No adjustments have been made to the pro forma financial information to reflect any trading results or other transactions of the Group and of the Target Group entered into subsequent to 31 December 2022.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this circular.

KPMG

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF FIRST SERVICE HOLDING LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of First Service Holding Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 31 December 2022 and related notes as set out in Part A of Appendix III to the circular dated 31 May 2023 (the "**Circular**") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix III.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of 8% of the issued share capital of Century Golden Resources Services Group Co., Ltd. ("**Target Company**") by the Company (the "**Acquisition**") on the Group's assets and liabilities as at 31 December 2022 as if the Acquisition had taken place at 31 December 2022. As part of this process, information about the Group's assets and liabilities as at 31 December 2022 has been extracted by the Directors from the consolidated financial statements of the Company for the year ended 31 December 2022, on which an audit report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 ‘‘Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements’’ issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (‘‘**HKSAE**’’) 3420 ‘‘Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus’’ issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 31 December 2022 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma 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:

a) the pro forma financial information has been properly compiled on the basis stated;

b) such basis is consistent with the accounting policies of the Group, and

c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

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

31 May 2023

Set out below is the management discussion and analysis of the Target Company for the three years ended December 31, 2022. The following financial information is based on the audited financial information of the Target Company as set out in Appendix II to this circular.

BUSINESS REVIEW

The Target Company is a company incorporated in the Cayman Islands with limited liability on August 24, 2020 as an exempted company with limited liability under the Companies Act, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Target Company is an investment holding company. The Target Group is principally engaged in the provision of property management services and value-added services in the PRC.

FINANCIAL REVIEW

Set out below is the management discussion and analysis of the Target Company for the three years ended December 31, 2022. The following financial information is based on the audited financial information of the Target Company as set out in Appendix II to this circular.

Revenue

For the three years ended December 31, 2022, the revenue of the Target Company amounted to approximately RMB1,289.0 million, RMB1,800.2 million and RMB1,888.2 million, respectively. The increase in revenue was mainly attributable to the increase of the gross floor area under management as a result of business expansion, which was 64.4 million sq.m., 72.7 million sq.m. and 77.1 million sq.m., respectively, as of December 31, 2020, 2021 and 2022.

Gross profit

For the three years ended December 31, 2022, the gross profit of the Target Company amounted to approximately RMB458.0 million, RMB580.7 million and RMB593.1 million, respectively, with gross profit margin of approximately 35.5%, 32.3%, and 31.4%, respectively. The gross profit margin decreased for each of the years ended December 31, 2021 and 2022, which was primarily due to the cancellation of deduction in, or exemption from, payment of social insurance contributions.

Profit for the year

For the three years ended December 31, 2022, the profit for the year of the Target Company amounted to approximately RMB248.7 million, RMB288.2 million and RMB344.2 million, respectively. The enhancement in performance was mainly attributable to the rise in revenue for the three years ended December 31, 2022.

Administrative expenses

For the three years ended December 31, 2022, the administrative expenses of the Target Company amounted to approximately RMB158.2 million, RMB170.8 million and RMB162.5 million, respectively. The increase in administrative expenses for the year ended December 31, 2021 was primarily attributable to the increase in the number of management employees as a result of the increase of the gross floor area under management. The decrease in administrative expenses for the year ended December 31, 2022 was primarily due to the decrease in consulting fees and professional service fees.

Liquidity and financial resources

As at December 31, 2020, 2021 and 2022, the Target Company had net current assets of approximately RMB185.8 million, RMB491.9 million and RMB836.0 million, respectively. The Target Company financed working capital principally through cash generated from its operations. As at December 31, 2020, 2021 and 2022, cash and cash equivalents of the Target Company amounted to approximately RMB800.8 million, RMB610.6 million and RMB341.5 million, respectively. As at December 31, 2020, 2021 and 2022, the Target Company had no bank borrowings. No particular trend of seasonality was observed from the Target Company's borrowing requirements for the three years ended December 31, 2022.

Capital structure

As at December 31, 2020 and 2021 and 2022, the share capital of the Target Company was USD0.1, USD0.1 and USD0.1, respectively.

Funding and treasury policy

The Target Company had no formal funding and treasury policy and did not enter into any form of financial arrangement for hedging for the three years ended December 31, 2022.

Finance costs

For the three years ended December 31, 2022, the finance costs of the Target Company amounted to approximately RMB0.2 million, RMB0.3 million and RMB0.6 million, which mainly consisted of interest on lease liabilities.

Capital commitment

As at December 31, 2020, 2021 and 2022, the Target Company had no material capital commitment.

Business prospects

The Target Company had not introduced or announced any new products or services for the three years ended December 31, 2022.

Significant investment

As at December 31, 2020, 2021 and 2022, the Target Company did not hold any significant investments.

Material acquisitions and disposals

During the three years ended December 31, 2022, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Target Group.

Segment information

During the three years ended December 31, 2022, the Target Company operated with one reportable and operating segment, being the provision of property management services and value-added services in the PRC. As such, there was no segmental information available.

Employees and remuneration policy

As at December 31, 2020, 2021 and 2022, the Target Company employed a total of 6,916, 7,402 and 7,643 employees, respectively. The staff costs, including directors' emoluments of the Target Company were approximately RMB495.4 million, RMB634.4 million and RMB712.4 million, respectively for the three years ended December 31, 2022. Remuneration is determined by the management of the Target Company with reference to market terms and the performance, qualification and experience of individual employees. In addition to a basic salary, year-end discretionary bonuses were offered to staff with outstanding performance, to attract and retain eligible employees to contribute to the Target Company.

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued for the three years ended December 31, 2022 in which the associated services are rendered by employees.

Charge on assets

As at December 31, 2022, the Target Company did not have any charges on group assets.

Future plans for material investment or capital assets

As at December 31, 2022, the Target Company did not have any future plans for material investments or capital assets.

Gearing ratio

As at December 31, 2020, 2021 and 2022, the Target Company did not have any borrowings, therefore gearing ratio was not applicable.

Foreign exchange exposure

The Target Company's operations are located in the PRC and its assets, liabilities and transactions are primarily denominated in RMB. Therefore, the Target Company is not exposed to any material foreign currency risk. The Target Company does not have any foreign exchange hedging arrangements.

Contingent liabilities

The Target Group did not have any material contingent liabilities as at December 31, 2020, 2021 and 2022.

CONSULTING & APPRAISAL
亜太評估

Asia-Pacific Consulting and Appraisal Limited
Flat/RM A 12/F Kiu Fu Commercial Bldg,
300 Lockhart Road,
Wan Chai, Hong Kong

May 31, 2023

The Board of Directors
First Service Holding Limited

Dear Sirs,

In accordance with the instructions received from First Service Holding Limited ("**First Service**" or the "**Company**"), we have undertaken a valuation exercise which requires Asia-Pacific Consulting and Appraisal Limited ("**APA**") to express an independent opinion on the market value of 8% equity interest of Century Golden Resources Services Group Co., Ltd. ("**Century Golden**") and its subsidiaries (collectively, the "**Target Group**") as at 30 September 2022 (the "**Valuation Date**").

The purpose of this valuation is for disclosure purpose of the Company.

Our valuation was carried out on a market value basis which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion".

INTRODUCTION

Century Golden was incorporated in the Cayman Islands on 24 August 2020 as an exempted company with limited liability under the Companies Act, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Target Group is principally engaged in the property management services and value-added services in the People's Republic of China. Platinum Wish Limited ("**Platinum**") and View Max Limited ("**View Max**") are the shareholders of the Target Group.

In November 2022, the Company, Century Golden, Platinum and View Max entered into an equity transfer agreement (the "**Agreement**"), pursuant to which Platinum and View Max have conditionally agreed to sell and the Company has conditionally agreed to acquire 8% equity interest of the Target Group (the "**Transaction**"). In the Transaction, the Company will issue aggregated 264,000,000 ordinary shares (the "**Sale Shares**") with issue price of HK$ 0.68 per share.

Pursuant to the Agreement, the parties have entered into the following call and put options arrangement:

Platinum and View Max (the "**Vendors**") have been granted at nil consideration a call option ("**Call Option**") pursuant to which the Vendors have the right to exercise the Call Option within three (3) years after the Transaction by requiring the Company to sell all the 800 issued shares of the Century Golden to the Vendors at RMB203,806.81 per share; and

The Company has been granted at nil consideration a put option ("**Put Option**") pursuant to which the Company has the right to exercise the Put Option within three (3) years after the Transaction by requiring the Vendors to acquire all the 800 issued shares of the Century Golden from the Company at RMB203,806.81 per share.

VALUATION METHODOLOGY

In arriving at our assessed value, we have considered three generally accepted approaches, namely market approach, cost approach and income approach.

Market Approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect the condition and utility of the appraised assets relative to the market comparative. Assets for which there is an established secondary market may be valued by this approach. Benefits of using this approach include its simplicity, clarity, speed and the need for few or no assumptions. It also introduces objectivity in application as publicly available inputs are used. However, one has to be wary of the hidden assumptions in those inputs as there are inherent assumptions on the value of those comparable assets. It is also difficult to find comparable assets. Furthermore, this approach relies exclusively on the efficient market hypothesis.

Cost Approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation or obsolescence present, whether arising from physical, functional or economic causes. The cost approach generally furnishes the most reliable indication of value for assets without a known secondary market. Despite the simplicity and transparency of this approach, it does not directly incorporate information about the economic benefits contributed by the subject assets.

Income Approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the project than an amount equal to the present worth of anticipated future benefits (income) from the same or a substantially similar project with a similar risk profile. This approach allows for the prospective valuation of future profits and there are numerous empirical and theoretical justifications for the present value of expected future cash flows. However, this approach relies on numerous assumptions over a long-time horizon and the result may be very sensitive to certain inputs. It also presents a single scenario only.

Given the characteristics of the Target Group, there are substantial limitations for the income approach and the cost approach for valuing the underlying asset. Firstly, the income approach requires subjective assumptions to which the valuation is highly sensitive. Secondly, the cost approach does not directly incorporate information about the economic benefits contributed by the subject business.

In view of the above, we have adopted the market approach for the valuation. The market approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparable. Assets for which there is an established secondary market may be valued by this approach. Benefits of using this approach include its simplicity, clarity, speed and the need for few assumptions. It also introduces objectivity in application as publicly available inputs are used.

In this valuation exercise, the market value of 8% equity interest in the Target Group was developed through the application of the market approach technique known as the guideline public company method. This method requires the research of comparable companies' benchmark multiples and proper selection of a suitable multiple to derive the market value of the Target Group. In order to reflect the latest financial performance of the Target Group, it is considered that the suitable multiple in this valuation is the enterprise value-to-EBITDA ratio (the "**EV/EBITDA Ratio**"), which is calculated by using comparable companies' enterprise value and the available EBITDA for last twelve months ended ("**LTM**") as of the Valuation Date to determine the market value of the Target Group and then taken into account of market liquidity discount as the appropriate adjustment.

BASIS OF OPINION

We have conducted our valuation with reference to the International Valuation Standards issued by the International Valuation Standards Council. The valuation procedures employed include a review of legal status and financial condition of the Target Group and an assessment of key assumptions, estimates, and representations made by the proprietor. All matters essential to the proper understanding of the valuation are disclosed in this report.

The following factors form an integral part of our basis of opinion:

- The economic outlook in general;
- The nature of business and unaudited consolidated financial statements for the Target Group and related trial balance regarding to the Target Group for the twelve-month period ended 30 June 2022;
- Financial and business risk of the business;
- Share transfer agreement dated on 21 November 2022;
- Consideration and analysis on the micro and macro economy affecting the subject business; and
- Other operational and market information in relation to the Target Group's business.

We planned and performed our valuation so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to express our opinion on the Target Group.

VALUATION ASSUMPTIONS

In determining the market value of the equity interest in the Target Group, we make the following key assumptions:

- It is assumed that the projected business will be according to the proposed business plan of the Target Group and could be achieved with the effort of the Target Group's management;

- In order to realize the future economic benefit of the business and maintain a competitive edge, manpower, equipment and facilities are necessary to be employed. For the valuation exercise, we have assumed that all proposed facilities and systems will work properly and will be sufficient for future operation;

- It is assumed that there will be no material changes in the international financial environment, global economic environment and national macroeconomic conditions, and that there will be no material change in the political, economic and social environment in which the appraised entity operates;

- We have assumed the accuracy of the financial and operational information provided to us by the Company and the Target Group and relied to a considerable extent on such information in arriving at our opinion of value;

- We have assumed that there are no hidden or unexpected conditions associated with the asset valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is calculated from unaudited consolidated financial statements of the Target Group for the period ended 31 December 2020, 31 December 2021 and six months ended 30 June 2022:

	For year ended 31 December 2020 *RMB'000* *(approximately)* unaudited	**For year ended 31 December 2021** *RMB'000* *(approximately)* unaudited	**Six months ended 30 June 2022** *RMB'000* *(approximately)* unaudited
Revenue	1,288,962	1,800,181	914,707
EBITDA	283,718	379,668	201,457

The market value of the Target Group was developed by using the EV/EBITDA Ratio as at the Valuation Date and the EBITDA for last twelve months ended 30 June 2022 of the Target Group.

MARKET MULTIPLE

In determining the price multiple, the initial selection criteria include the followings:

- The comparable companies are publicly listed;
- The comparable companies derive most, if not all, of their revenues from the same or closely related industry of the Target Group such as property service management;
- The comparable companies are mainly operating in Chinese Mainland and share the similarity in terms of revenue scale, revenue growth rate and profitability with the Target Group: i) the revenue scale for twelve months ended 30 June 2022 is similar with the Target Group and the revenue scale is increasing during the recent 2 years; and ii) the comparable companies are all operating profitable duiring the period from FY2019 to twelve months ended 30 June 2022. Detailed datas refers to table 2: Revenue scale and profitability of the comparable companies and the Target Group show below;
- EV/EBITDA Ratio of EBITDA for last twelve months ended 30 June 2022 of the comparable companies are available, as at the Valuation Date.

As sourced from Capital IQ, a reliable third-party database service provider designed by Standard & Poor's (S&P), an exhaustive list of comparable companies satisfying the above criteria was obtained on a best effort basis and the details of these comparable companies are shown below:

Table 1: Business description of the comparable companies

Stock Code	Company Name	Company Description
SEHK:6626	Yuexiu Services Group Limited	Yuexiu Services Group Limited, an investment holding company, engages in the provision of non-commercial and commercial property management in the People's Republic of China and Hong Kong. The company operates through two segments: Non-Commercial Property Management and Value-Added Services; and Commercial Property Management and Operational Services.

Stock Code	Company Name	Company Description
SEHK:982	Huafa Property Services Group Company Limited	Huafa Property Services Group Company Limited, an investment holding company, mainly provides property management services in Hong Kong and Mainland China.
SEHK:1922	Yincheng Life Service CO., Ltd.	Yincheng Life Service CO., Ltd., an investment holding company, mainly provides property management services in the Mainland China.
SEHK:816	Jinmao Property Services Co., Limited	Jinmao Property Services Co., Limited, an investment holding company, mainly provides property management services in the People's Republic of China.
SHSE:603506	Nacity Property Service Group Co., Ltd.	Nacity Property Service Group Co., Ltd. provides real estate property management services in China. It offers case, consultancy, and value-added services for residential properties, commercial complexes, office buildings, industrial parks, schools, banks, hospitals, public construction projects, and various other properties.
SEHK:2156	C&D Property Management Group Co. Limited	Nacity Property Service Group Co., Ltd. provides real estate property management services in China. It offers case, consultancy, and value-added services for residential properties, commercial complexes, office buildings, industrial parks, schools, banks, hospitals, public construction projects, and various other properties.
SEHK:3316	Binjiang Service Group Co. Ltd.	Nacity Property Service Group Co., Ltd. provides real estate property management services in China. It offers case, consultancy, and value-added services for residential properties, commercial complexes, office buildings, industrial parks, schools, banks, hospitals, public construction projects, and various other properties.

Source: Capital IQ and financial reports of the companies

Table 2: Revenue scale and profitability of the comparable companies and the Target Group

Stock Code	Twelve months ended 30 June 2022 revenue *(RMB'mm)*	Average EBITDA margin during the period from 2019 to 30 June 2022
SEHK:6626	2,050	23.8%
SEHK:982	1,516	17.0%
SEHK:1922	1,572	10.2%
SEHK:816	1,927	12.5%
SHSE:603506	1,724	12.1%
SEHK:2156	1,888	10.8%
SEHK:3316	1,639	25.7%
The Target Group	1,861	20.7%

Source: Capital IQ and financial reports of the companies

Based on the abovementioned selection criteria, the list of seven comparable companies shown above was identified and we are of the opinion that each of them is considered as a fair and representative sample. Further details of these seven comparable companies with available EV/EBITDA Ratios as at the Valuation Date are shown as follows:

Stock Code	Company Name	EV/EBITDA Ratio as at the Valuation Date
SEHK:6626	Yuexiu Services Group Limited	2.08
SEHK:982	Huafa Property Services Group Company Limited	4.77
SEHK:1922	Yincheng Life Service CO., Ltd.	6.05
SEHK:816	Jinmao Property Services Co., Limited	7.06
SHSE:603506	Nacity Property Service Group Co., Ltd.	9.14
SEHK:2156	C&D Property Management Group Co. Limited	16.87
SEHK:3316	Binjiang Service Group Co. Ltd.	8.66
Median		7.056

Source: Capital IQ

DISCOUNT FOR LACK OF MARKETABILITY ("DLOM")

The level of a company value can be described as below:

Marketable Minority Interest Value
Price Quoted in public market

↓ Discount for Lack of Marketability

Non-Marketable Minority Interest Value
Non-Controlling Shareholder of a Private Company

A factor to be considered in valuing closely held companies is the marketability of an interest in such businesses. Marketability is defined as the ability to convert the business interest into cash quickly, with minimum transaction and administrative costs, and with a high degree of certainty as to the amount of net proceeds. There is usually a cost and a time lag associated with locating interested and capable buyers of interests in privately-held companies, because there is no established market of readily-available buyers and sellers. All other factors being equal, an interest in a publicly traded company is worth more because it is readily marketable. Conversely, an interest in a private-held company is worth less because no established market exists.

Most of the businesses or financial interests that we are valuing do not enjoy immediate liquidity. we thus face the task of making an adjustment from the value we have estimated from the transactions observed in the market approach to account for the lack of marketability of the business or business interest that we are valuing. That adjustment is what we refer to as the discount for lack of marketability.

We have assessed the DLOM of this investment using put option method. With reference to a study "Option Pricing as a Proxy for Discount for Lack of Marketability in Private Company Valuations" by David B. H. Chaffee, Chaffee related the cost to purchase a European put option to the DLOM. The rationale is that "if one holds restricted or nonmarketable stock and purchases an option to sell those shares at the free market price, the holder has, in effect, purchased marketability for the shares. The price of that put is the discount for lack of marketability".

Therefore, we have adopted Black Scholes option pricing model with the following parameters to estimate the DLOM:

Parameter	As of Valuation Date	Remarks
Spot Price	1.00	As we are calculating a percentage for the DLOM, for simplicity, we set the spot price to be 1.00 in the valuation.
Exercise Price	1.00	According to the study, the put option is at-the-money, such that the exercise price should equal the spot price.
Risk Free Rate	2.33%	Yield rate on 3-year Chinese government curve, as sourced from Capital IQ.
Volatility	41%	With reference to the comparable companies, as sourced from Capital IQ.
Maturity	3 years	It is an approximation of holding period with reference to a market study and assuming that a market participant who owns a business entity similar to the Target Group would dispose of that business entity. The management of the Company is satisfied that 3 years would be a reasonable assumption.

By using the put option method and based on the above assumptions, the estimated DLOM is around 24%. Based on the above analysis, we apply 24% DLOM for this case.

CALCULATION OF VALUATION RESULT

Under the guideline public company method, the market value depends on the market multiples of the comparable companies, sourced from Capital IQ, as at the Valuation Date and we have taken into account of DLOM of the Target Group that the Company will hold 8% of the equity interest in the Target Group upon completion of this acquisition. The calculation of the market value of 8% equity interest in the Target Group as at the Valuation Date is as follows:

	As at 30 September 2022
Applied EV/EBITDA Ratio	7.056
EBITDA for last twelve months ended 30 June 2022 of the Target Group *(RMB'000)*	387,513
Enterprise Value of the Target Group *(RMB'000)*	2,734,129
Add: Cash&ST Investment	185,153
Less: Debt	3,032
Less: Minority interest	350
Equity Value of the Target Group *(RMB'000) (rounded)*	2,915,899
Adjusted for DLOM at 24%	(1–24%)
100% Equity Value of the Target Group *(RMB'000) (rounded)*	2,216,084
8% Equity Value of the Target Group *(RMB'000) (rounded)*	177,000

VALUATION COMMENT

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and other relevant factors are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Target Group, the Company and Asia-Pacific Consulting and Appraisal Limited.

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuation of prudent management of the Target Group over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

OPINION OF VALUE

Based on the results of our investigations and analyses, we are of the opinion that the market value of 8% equity interest of the Target Group as at the Valuation Date is reasonably stated approximately at the amount of **RMB177,000,000 (RENMINBI ONE HUNDRED AND SEVENTY-SEVEN MILLION YUAN).**

Yours faithfully,
for and on behalf of
Asia-Pacific Consulting and Appraisal Limited
Jack W. J. Li
CFA, MRICS, MBA
Partner

Note: Jack W. J. Li is a Chartered Surveyor who has 16 years' experience in the valuation of assets in the PRC, Hong Kong and the Asia-Pacific region.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were, and immediately after the issue of the Consideration Shares will be, as follows:

Authorized	**Total nominal value**
250,000,000,000 Shares as at the Latest Practicable Date	USD50,000

Issued and fully paid	**Total nominal value**
1,000,000,000 Shares as in issue at the Latest Practicable Date	USD200
264,000,000 Consideration Shares to be issued	USD52.8
1,264,000,000 Shares in total	USD252.8

3. DISCLOSURE OF INTERESTS

(a) Interests in the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Nature of interest	Number of Shares held(6)	Approximate percentage of shareholding(1)
Zhang Peng(5)	Beneficial owner	8,225,000	0.82%
	Interest in controlled corporation(2)	170,777,250	17.08%
Liu Peiqing	Beneficial owner	310,000	0.03%
	Interest in controlled corporation(3)	10,988,750	1.10%
Long Han	Interest in controlled corporation(4)	10,511,250	1.05%
Zhu Li	Beneficial owner	676,155	0.07%
Jia Yan	Beneficial owner	4,499,977	0.45%
Jin Chungang	Beneficial owner	1,007,282	0.10%

Notes:

(1) The percentage represents the number of ordinary Shares interested divided by the number of the Company's issued Shares as at the Latest Practicable Date.

(2) The Shares are registered under the name of Hao Fung, which is wholly owned by Mr. Zhang Peng. Accordingly, Mr. Zhang Peng is deemed to be interested in all the Shares held by Hao Fung.

(3) The Shares are registered under the name of Liu Pei Qing Management Limited, which is wholly owned by Mr. Liu Peiqing. Accordingly, Mr. Liu Peiqing is deemed to be interested in all the Shares held by Liu Pei Qing Management Limited.

(4) The Shares are registered under the name of Long Han Management Limited, which is wholly owned by Mr. Long Han. Accordingly, Mr. Long Han is deemed to be interested in all the Shares held by Long Han Management Limited.

(5) Mr. Zhang Peng, together with Mr. Zhang Lei, being parties acting in concert, were interested in 513,929,000 Shares, representing approximately 51.39% of the number of the Company's issued Shares as at the Latest Practicable Date.

(6) All interests stated are long positions.

(b) Interests in associated corporation of the Company

Name of Director	Name of associated corporation	Nature of interest	Amount of share capital held	Approximate percentage of shareholding[(1)]
Zhang Peng	First Living[(1)]	Beneficial owner	RMB1,317,397	3.8%
Jia Yan	First Living[(1)]	Beneficial owner	RMB1,221,853	3.5%

Note:

(1) First MOMA Human Environment Technology (Beijing) Co., Ltd. (第一摩碼人居環境科技(北京)有限公司) (formerly known as First MOMA Human Environment Technology (Beijing) Joint Stock Limited Company (第一摩碼人居環境科技(北京)股份有限公司)) ("**First Living**") is a non-wholly owned subsidiary of the Company and thus an associated corporation of the Company.

Save as disclosed above, as of the Latest Practicable Date, none of the Directors or the chief executives of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(c) Substantial Shareholders' interests and short positions in Shares and underlying Shares

As at the Latest Practicable Date, to the best knowledge of the Directors, the following persons (not being a Director or chief executives of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of interest	Number of Shares held[(9)]	Approximate percentage of shareholding[(1)]
Zhang Lei[(2)]	Interest in controlled corporation	334,926,750	33.49%
Yu Jinmei[(3)]	Interest of spouse	334,926,750	33.49%
Glorious Group[(2)]	Beneficial owner	334,926,750	33.49%
Wang Yujuan[(4)]	Interest of spouse	179,002,250	17.90%
Hao Fung[(5)]	Beneficial owner	170,777,250	17.08%
CDH Griffin[(6)]	Interest in controlled corporation	86,424,000	8.64%

Name of Shareholder	Nature of interest	Number of Shares held[9]	Approximate percentage of shareholding[1]
East Oak[6]	Interest in controlled corporation	86,424,000	8.64%
Access Star[6]	Interest in controlled corporation	86,424,000	8.64%
Ningbo Huiyong[6]	Interest in controlled corporation	86,424,000	8.64%
Ningbo Chunyong[6]	Interest in controlled corporation	86,424,000	8.64%
Ningbo Runyong[6]	Interest in controlled corporation	86,424,000	8.64%
Ningbo Weijun[6]	Interest in controlled corporation	86,424,000	8.64%
Ningbo Xubo[6]	Interest in controlled corporation	86,424,000	8.64%
Ningbo Penghui[6]	Interest in controlled corporation	86,424,000	8.64%
Tianjin Haoyong[6]	Interest in controlled corporation	86,424,000	8.64%
Tianjin Weiyuan[6]	Interest in controlled corporation	86,424,000	8.64%
Tianjin Taiding[6]	Interest in controlled corporation	86,424,000	8.64%
Dinghui Investment[6]	Interest in controlled corporation	86,424,000	8.64%
Shanghai CDH Yaojia[6]	Beneficial owner	86,424,000	8.64%
Vistra Trust (Hong Kong) Limited[7][8]	Trustee	264,000,000	26.40%
Huang Shiying[7]	Founder of a discretionary trust	105,600,000	10.56%
View Max[7]	Beneficial owner	105,600,000	10.56%
Joy Riding Limited[7]	Interest in controlled corporation	105,600,000	10.56%
Huang Tao[8]	Founder of a discretionary trust	158,400,000	15.84%
Platinum Wish[8]	Beneficial owner	158,400,000	15.84%
Joy Deep Limited[8]	Interest in controlled corporation	158,400,000	15.84%

Notes:

(1) The percentage represents the number of ordinary Shares interested divided by the number of the Company's issued Shares as at the Latest Practicable Date.

(2) Glorious Group Holdings Limited (世家集团控股有限公司) ("**Glorious Group**") is wholly owned by Mr. Zhang Lei. Therefore, Mr. Zhang Lei is deemed under the SFO to be interested in 334,926,750 Shares held by Glorious Group as at the Latest Practicable Date.

(3) Ms. Yu Jinmei, the spouse of Mr. Zhang Lei, is deemed under the SFO to be interested in these 334,926,750 Shares in which Mr. Zhang Lei is deemed to be interested.

(4) Ms. Wang Yujuan, the spouse of Mr. Zhang Peng, is deemed under the SFO to be interested in these 179,002,250 Shares in which Mr. Zhang Peng is deemed to be interested.

(5) Hao Fung is wholly owned by Mr. Zhang Peng. Therefore, Mr. Zhang Peng is deemed under the SFO to be interested in these 170,777,250 Shares held by Hao Fung.

(6) Dinghui Equity Investment Management (Tianjin) Company Limited (鼎暉股權投資管理(天津)有限公司) ("**Dinghui Investment**") is the general partner of Shanghai CDH Yaojia Venture Capital Center (Limited Partnership) (上海鼎暉耀家創業投資中心(有限合夥)) ("**Shanghai CDH Yaojia**"). Dinghui Investment is owned as to 85.4% by Tianjin Taiding Investment Co., Ltd. (天津泰鼎投資有限公司) ("**Tianjin Taiding**"). Tianjin Taiding is owned as to 45% and 55% by Tianjin Weiyuan Investment Management Co., Ltd. (天津維遠投資管理有限公司) ("**Tianjin Weiyuan**") and Tianjin Haoyong Investment Management Co., Ltd. (天津浩永投資管理有限公司) ("**Tianjin Haoyong**"), respectively. Tianjin Weiyuan is wholly owned by Ningbo Economic and Technological Development Zone Penghui Investment Consulting Co., Ltd. (寧波經濟技術開發區鵬暉投資諮詢有限公司) ("**Ningbo Penghui**"). Ningbo Penghui is wholly owned by Ningbo Economic and Technological Development Zone Xubo Investment Consulting Co., Ltd. (寧波經濟技術開發區旭博投資諮詢有限公司) ("**Ningbo Xubo**"). Ningbo Xubo is wholly owned by Ningbo Economic and Technological Development Zone Weijun Investment Consulting Co., Ltd. (寧波經濟技術開發區維均投資諮詢有限公司) ("**Ningbo Weijun**"). Ningbo Weijun is wholly owned by Access Star Company Limited ("**Access Star**"). Tianjin Haoyong is wholly owned by Ningbo Economic and Technological Development Zone Runyong Investment Consulting Co., Ltd. (寧波經濟技術開發區潤永投資諮詢有限公司) ("**Ningbo Runyong**"). Ningbo Runyong is wholly owned by Ningbo Economic and Technological Development Zone Chunyong Investment Consulting Co., Ltd. (寧波經濟技術開發區淳永投資諮詢有限公司) ("**Ningbo Chunyong**"). Ningbo Chunyong is wholly owned by Ningbo Economic and Technological Development Zone Huiyong Investment Consulting Co., Ltd. (寧波經濟技術開發區匯永投資諮詢有限公司) ("**Ningbo Huiyong**"), which is wholly owned by East Oak Company Limited ("**East Oak**"). Each of Access Star and East Oak is owned as to 85% by CDH Griffin Holdings Company Limited ("**CDH Griffin**"). Therefore, Dinghui Investment, Tianjin Taiding, Tianjin Weiyuan, Tianjin Haoyong, Ningbo Runyong, Ningbo Chunyong, Ningbo Huiyong, Ningbo Penghui, Ningbo Xubo, Ningbo Weijun, East Oak, Access Star and CDH Griffin are deemed under the SFO to be interested in these 86,424,000 Shares held by Shanghai CDH Yaojia.

(7) View Max holds 105,600,000 Shares, which is owned by Joy Riding Limited (樂行有限公司) as to 99% and Leisure Light Limited (悠光有限公司) as to 1%, respectively. Joy Riding Limited is held by Leading Trend Family Trust, the founder and settlor of which is Mr. Huang Shiying (黃世熒). Vistra Trust (Hong Kong) Limited is the trustee of Leading Trend Family Trust. Mr. Huang Shiying and his family members are beneficiaries of Leading Trend Family Trust. As such, each of Vistra Trust (Hong Kong) Limited, Joy Riding Limited and Mr. Huang Shiying is deemed to be interested in the 105,600,000 Shares held by View Max.

(8) Platinum Wish holds 158,400,000 Shares, which is owned by Joy Deep Limited (悅深有限公司) as to 99% and Prime Elegance Limited (至雅有限公司) as to 1%, respectively. Joy Deep Limited is held by Sparkle Fortune Family Trust, the founder and settlor of which is Mr. Huang Tao (黃濤). Vistra Trust (Hong Kong) Limited is the trustee of Sparkle Fortune Family Trust. Mr.

Huang Tao and his family members are beneficiaries of Sparkle Fortune Family Trust. As such, each of Vistra Trust (Hong Kong) Limited, Joy Deep Limited and Mr. Huang Tao is deemed to be interested in the 158,400,000 Shares held by View Max.

(9) All interests stated are long positions.

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective close associates had engaged in or had any interest in any business which competes or may compete, either directly or indirectly, with the businesses of the Group.

5. DIRECTORS' INTERESTS IN TRANSACTIONS, ASSETS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

As at the Latest Practicable Date, other than the related party transactions disclosed in note 30 to the consolidated financial statements and the connected transactions as disclosed in the section headed "Connected Transactions" in the Company's 2022 annual report published on April 27, 2023, no Director had either direct or indirect material interest in any transactions, assets, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party, and there was no transaction, assets, arrangement or contract of significance between the Company or any of its subsidiaries and the Company's controlling Shareholders or any of its subsidiaries, subsisted at the end of, or at any time during the year ended December 31, 2022 and up to the Latest Practicable Date.

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which have been since December 31, 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired by or disposed of or leased to any member of the Group or are proposed to be acquired by or disposed of or leased to any member of the Group.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there has been no material adverse change in the financial or trading positions of the Group since December 31, 2022, being the date to which the latest published audited accounts of the Group were made up.

8. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or claims of material importance known by the Directors to be pending or threatened against any member of the Group.

9. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this circular and is or may be material:

(1) the equity transfer agreement dated March 10, 2021 entered into among First Property Service (Beijing) Co., Ltd. (第一物業服務(北京) 有限公司, "**First Property**") as the purchaser, the Dalian Yahang Property Management Co., Ltd. (大連亞航物業管理有限公司, "**Dalian Yahang**"), Mr. Bai Ding, Dalian Chunhui Enterprise Management Service Centre (大連春暉企業管理服務中心) and Beijing Tonghe Property Management Co., Ltd. (北京同合物業管理有限公司, "**Beijing Tonghe**") as the vendor in relation to the acquisition of 80% equity interest in Dalian Yahang from Beijing Tonghe at a total consideration of RMB93,200,160. Please refer to the Company's announcement dated March 10, 2021 for details;

(2) the equity transfer agreement and the supplemental agreement dated March 30, 2021 entered into among First Property as the purchaser, Shanghai Lijin Architect Design Firm* (上海靂勁建築設計事務所) and Shanghai Luomiao Architectural Engineering Design Center* (上海洛淼建築工程設計中心) (collectively, the "**Vendors**"), Weihai Shangcheng Information Consultancy Co., Ltd.* (威海上誠信息咨詢有限公司), Ms. Wang Zhilan, Qingdao Luohang Enterprises Management Co., Ltd.* (青島洛航企業管理有限公司, "**Qingdao Luohang**"), Shandong Shangcheng Property Services Co., Ltd.* (山東上誠物業服務有限公司), Qingdao Shangcheng Property Services Co., Ltd.* (青島上誠物業服務有限公司) and Liaocheng Shangcheng Property Services Co., Ltd.* (聊城上誠物業服務有限公司) in relation to the acquisition of 100% equity interest in Qingdao Luohang from the Vendors at a total consideration of RMB135,800,000. Please refer to the Company's announcement dated March 30, 2021 for details;

(3) the maximum guarantee agreement dated June 30, 2021 entered into between First Property, as the guarantor, and Bank of China Limited Beijing Dongcheng Sub-branch (中國銀行股份有限公司北京東城支行, the "**Bank**"), pursuant to which First Property agreed to provide guarantee for the due performance of the repayment obligations of First MOMA Human Environment Technology (Beijing) Co., Ltd. (第一摩碼人居環境科技(北京)有限公司, "**First Living**"), an indirect non-wholly owned subsidiary of the Company, to the Bank up to RMB10 million under the loan facility agreement dated June 30, 2021 entered into between First Living and the Bank in relation to the RMB10 million loan facility provided to First Living by the Bank. Please refer to the Company's announcement dated June 30, 2021 for details;

(4) the maximum guarantee agreement dated June 30, 2021 entered into between First Property, as the guarantor, and the Bank, pursuant to which First Property agreed to provide guarantee for the due performance of the repayment obligations of First MOMA Human Environment Architectural Engineering Co., Ltd. (第一摩碼人居建築工程(北京)有限公司), "**First Living Engineering**"), a direct wholly-owned subsidiary of First Living, to the Bank up to RMB10 million under the loan facility

agreement dated June 30, 2021 entered into between First Living Engineering and the Bank in relation to the RMB10 million loan facility provided to First Living Engineering by the Bank. Please refer to the Company's announcement dated June 30, 2021 for details;

(5) the joint venture agreement dated May 4, 2023 entered into between First Property Service (Anhui) Co., Ltd ("**First Property Anhui**", an indirect wholly-owned subsidiary of the Company) and Anhui Peifan Venture Capital Co., Ltd ("**Joint Venture Partner**") in relation to establishment of a joint venture company for engaging in property management services and other businesses. The total capital contribution and total potential financing to the joint venture company are RMB10 million and RMB35 million respectively. The capital contribution and the financing will be borne by First Property Anhui and the Joint Venture Partner equally. Please refer to the Company's announcement dated May 4, 2023 for details; and

(6) the Agreement and the Supplemental Agreement.

10. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have been named in this circular or have given opinion or letter contained in this circular:

Name	**Qualifications**
KPMG	Certified Public Accountants
Asia-Pacific Consulting and Appraisal Limited	Independent valuer

KPMG and Asia-Pacific Consulting and Appraisal Limited have given and have not withdrawn their written consent to the issue of this circular with the inclusion herein of their reports/letters and references to their names, in the form and context in which they are included.

As at the Latest Practicable Date, KPMG and Asia-Pacific Consulting and Appraisal Limited (1) did not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since December 31, 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up; and (2) did not have any shareholding in any member of the Group and did not have the right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for shares in any members of the Group.

11. MISCELLANEOUS

(1) The company secretary of the Company is Ms. Szeto Kar Yee Cynthia. Ms. Szeto Kar Yee Cynthia is a Chartered Secretary, a Chartered Governance Professional and an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

(2) The registered office of the Company is at PO Box 309, Ugland House, Grand Cayman, KY1–1104, Cayman Islands.

(3) The headquarters of the Company is at 3rd Floor, Building 10, Wanguocheng MOMA, No. 1 Xiangheyuan Road, Dongzhimenwai, Dongcheng District, Beijing, PRC.

(4) The Company's principal place of business in Hong Kong is at 31/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

(5) The Cayman Islands principal share registrar and transfer office of the Company is Maples Fund Services (Cayman) Limited at PO Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1–1102, Cayman Islands.

(6) The Hong Kong share registrar of the Company is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

12. DOCUMENTS ON DISPLAY

The following documents will be available on (i) the website of the Company (www.firstservice.hk) and (ii) the website of the Stock Exchange (www.hkexnews.hk) during the period of 14 days from the date of this circular:

(a) the annual reports of the Company for each of the three financial years ended December 31, 2020, 2021 and 2022;

(b) the accountants' report of the Target Group, the text of which is set out in Appendix II to this circular;

(c) the report of the unaudited pro forma financial information of the Group, the text of which is set out in Appendix III to this circular;

(d) the valuation report of the Target Group, the text of which is set out in Appendix V to this circular;

(e) the written consents of the experts as referred to in the section headed "Experts and Consents" of this Appendix;

(f) the Agreement and the Supplemental Agreement; and

(g) this circular.

First Service Holding Limited
第一服务控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2107)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the "**EGM**") of First Service Holding Limited (the "**Company**") will be held at the 3rd Floor, Building 10, Wanguocheng MOMA, No. 1 Xiangheyuan Road, Dongzhimenwai, Dongcheng District, Beijing, the PRC on Tuesday, June 20, 2023 at 3:30 p.m. for the purpose of considering and, if thought fit, pass the following resolution as ordinary resolution:

1. "**THAT**

(a) the Agreement (a copy of which has been produced to the EGM and marked "A" and initialed by the chairman of the EGM for the purpose of identification) and the transaction contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) the grant of specific mandate to the Directors to allot and issue the Consideration Shares in accordance with the terms and conditions of the Agreement, conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares;

(c) any one Director be and is hereby authorized to execute all such documents, instruments, agreements and deeds and do all such acts, matters and things that are of administrative nature only and ancillary to the transaction contemplated under the Agreement, as he/she may in his or her absolute discretion consider necessary or desirable for the purpose of and in connection with the implementation of the Agreement and the transaction contemplated thereunder, including the allotment and issue of the Consideration Shares, and to agree to such variations of the term and conditions of the Agreement and the transaction contemplated thereunder that are of administrative nature only as he or she may in his or her absolute discretion consider necessary or desirable;

(d) the grant by the Company to the Vendors, and the performance of the obligation of the Company upon the exercise by the Vendors of the Call Option be and are hereby approved, confirmed and ratified;

(e) the grant by the Vendors to the Company of the Put Option be and is hereby approved, confirmed and ratified; and

(f) the exercise of the Put Option pursuant to Rule 14.76(2) of the Listing Rules be and is hereby approved, confirmed and ratified.''

By order of the Board
First Service Holding Limited
Zhang Peng
Chairman

Hong Kong, May 31, 2023

Notes:

1. For the purpose of determining the entitlement of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, June 15, 2023 to Tuesday, June 20, 2023 (both days inclusive), during which period no transfer of Shares will be registered. To be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates and the duly completed and signed transfer forms must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Wednesday, June 14, 2023.

2. A member of the Company who is entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote in his/her/its stead. The proxy need not be a member of the Company. If more than one proxy is appointed, the appointment shall specify the number of Shares in respect of which each such proxy is appointed.

3. This form of proxy, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 48 hours before the time fixed for holding the EGM (i.e. before 3:30 p.m. on Sunday, June 18, 2023) or any adjournment thereof.

4. The above ordinary resolutions will be voted by poll.

5. As at the date of this notice, our executive Directors are Mr. Liu Peiqing, Mr. Jia Yan, Mr. Jin Chungang and Ms. Zhu Li, our non-executive Directors are Mr. Zhang Peng and Mr. Long Han, and our independent non-executive Directors are Ms. Sun Jing, Mr. Cheng Peng and Mr. Chen Sheng.

6. References to time and dates in this notice are to Hong Kong time and dates.

7. Details of the above resolution to be considered at the EGM are set out in the circular of the Company dated May 31, 2023 (the ''**Circular**''). Unless otherwise defined in this notice, capitalized terms used in this notice shall have the same meanings as those defined in the Circular.