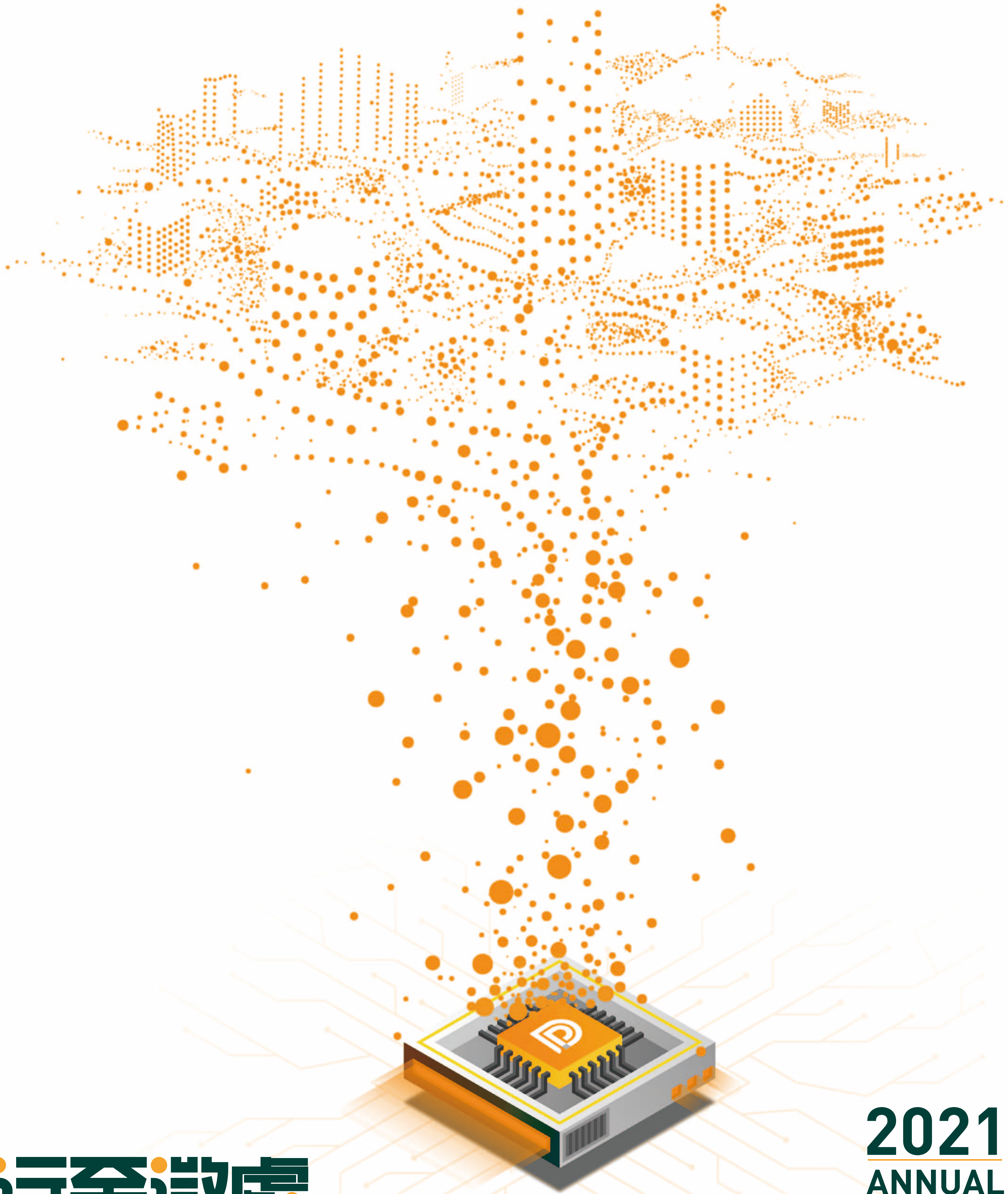
保利物業服務股份有限公司
POLY PROPERTY SERVICES CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 06049.HK



行至微處

2021 ANNUAL REPORT

CORPORATE VISION

BECOMING THE PRIME PROVIDER OF THE COMPREHENSIVE PROPERTY ECOSYSTEM

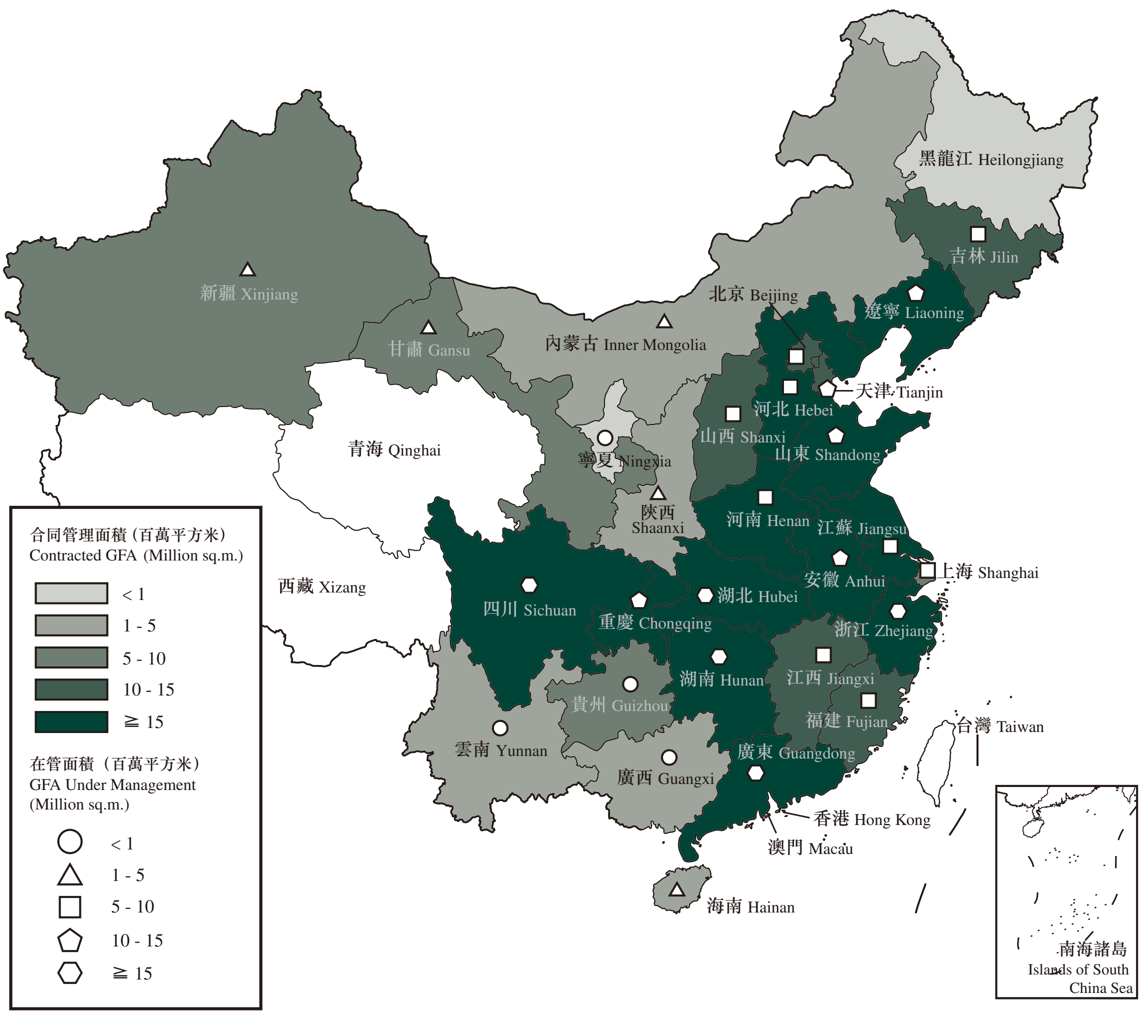
CORPORATE MISSION

TO SERVE THE PEOPLE BY MANAGING AND ACHIEVING

CONTENTS

COMPANY OVERVIEW

Poly Property Services Co., Ltd. (the "**Company**" or "**Poly Property**", and together with its subsidiaries, the "**Group**" or "**we**") is a leading comprehensive property management service provider in China with extensive property management scale and state-owned background. According to the ranking of 2021 Top100 Property Management Companies in China by the China Index Academy, the Group ranked fifth among the Top100 Property Management Companies in China and first in terms of management scale among the property management companies with state-owned background. With high-quality services and brand strength, we have enjoyed an industry-wide reputation. Our brand was valued at approximately RMB15.9 billion in 2021. The Group's three main business lines, namely, property management services, value-added services to non-property owners, and community value-added services, form a comprehensive service offering to its customers along the value chain of property management. As of 31 December 2021, the Group has entered 196 cities in 29 provinces, autonomous regions and municipalities across the country, and recorded a gross floor area ("**GFA**") under management of approximately 465.3 million sq.m. with 1,786 projects under management, and a contracted GFA of approximately 656.3 million sq.m. with 2,428 contracted projects. The Group continuously pushes forward the "Comprehensive Property" strategy and its business portfolio covers residential communities, commercial and office buildings and public and other properties.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-executive Directors

Mr. Huang Hai (Chairman)
Mr. Liu Ping
Mr. Hu Zaixin

Executive Director

Ms. Wu Lanyu (General Manager)

Independent Non-executive Directors

Mr. Wang Xiaojun
Ms. Tan Yan
Mr. Wang Peng

BOARD COMMITTEES

Audit Committee

Ms. Tan Yan (Chairlady)
Mr. Liu Ping
Mr. Hu Zaixin
Mr. Wang Xiaojun
Mr. Wang Peng

Remuneration Committee

Mr. Wang Xiaojun (Chairman)
Ms. Tan Yan
Mr. Wang Peng

Nomination Committee

Mr. Huang Hai (Chairman)
Ms. Wu Lanyu
Mr. Wang Xiaojun
Ms. Tan Yan
Mr. Wang Peng

SUPERVISORY COMMITTEE

Ms. Liu Huiyan (Chairlady)
Ms. Zhong Yu
Ms. Mu Jing

JOINT COMPANY SECRETARIES

Mr. Yin Chao
Mr. Lau Kwok Yin

AUTHORISED REPRESENTATIVES

Ms. Wu Lanyu
Mr. Lau Kwok Yin

AUDITOR

BDO Limited
Certified Public Accountants and Registered PIE Auditor
25/F, Wing On Centre
111 Connaught Road Central
Hong Kong

LEGAL ADVISORS

Miao & Co (In association with Han Kun Law Offices)
Rooms 3901–05, 39/F.
Edinburgh Tower, The Landmark
15 Queen's Road Central
Hong Kong

PRINCIPAL BANKER

China Construction Bank
Poly Grand Mansion Branch
Shop 102, No.3 Chen Yue Road
Hai Zhu District, Guangzhou, Guangdong Province, The PRC

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Rooms 201–208
No. 688 Yue Jiang Zhong Road
Hai Zhu District, Guangzhou, Guangdong Province
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F, Dah Sing Financial Centre
248 Queen's Road East
Wanchai
Hong Kong

H SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

INVESTOR RELATIONS

Telephone: (86) 20 8989 9959
E-mail: stock@polywuye.com

COMPANY WEBSITE

www.polywuye.com

STOCK CODE ON THE HONG KONG STOCK EXCHANGE

06049

FINANCIAL SUMMARY

SUMMARY OF THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December	
	2021	2020
Revenue (RMB million)	**10,782.5**	8,037.2
Gross profit (RMB million)	**2,014.6**	1,499.1
Gross profit margin	**18.68%**	18.65%
Profit for the year (RMB million)	**870.9**	696.1
Net profit margin	**8.1%**	8.7%
Profit for the year attributable to owners of the Company (RMB million)	**845.7**	673.5
Basic earnings per share (RMB)*	**1.53**	1.22
Return on shareholders' equity (weighted average)	**13.1%**	11.4%

* The H shares of the Company were listed on 19 December 2019. The over-allotment option was exercised in full on 10 January 2020, and the shares were issued on 17 January 2020. The weighted average number of ordinary shares for the year ended 31 December 2021 (the "**year**" or "**period**") and for the year ended 31 December 2020 was 553,333,400 and 552,459,000, respectively. Details are set out in note 11 to the consolidated financial statements in this annual report.

SUMMARY OF THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December	
	2021	2020
Total assets (RMB million)	**11,137.9**	9,444.2
Cash and cash equivalents (RMB million)	**7,690.6**	7,448.1
Total equity (RMB million)	**6,888.8**	6,246.8
Gearing ratio	**38.2%**	33.9%

MAJOR EVENTS IN 2021

August

Throughout the year, the staff of Poly Property proactively persevered to fight the pandemic, optimising their work in pandemic prevention and contingent preparation in the midst of outbreaks in Guangzhou, Chengdu, Shijiazhuang and Xi'an. During the once-in-a-century rainstorm in Zhengzhou, all of the staff of Poly Property Henan held their position to fight against the flood, protecting the safety of property-owners and citizens with the spirit of bravery and fearlessness, and in turn were granted three thank-you flags from Zhengzhou Municipal Party Committee and Municipal Government, Zhengzhou Flood Control and Drought Relief Headquarters and Zhengzhou Metro Group.

March

The opening ceremony of "Poly Property Cup" National Property Management Industry Skill Competition was held in Hefei on 9 March. Chen Liang of Poly Property Guangzhou stood out from more than 20,000 preliminary contestants across the country, and was awarded the best management officer of the 2020 National Property Management Industry Skill Competition. Poly Property was granted the "Special Contribution Award" in the National Property Management Industry Skill Competition.

April

The Poly Property National Quality Alliance was duly established on 23 April, for the purpose of promoting quality construction in all aspects around the concepts of "Standards, Tools, Talents", to lead the industry by introducing scenario-based service products.

8

4

6

3

June

Poly Property officially announced the "Poly Spark Community Mode", a red property, at Shanghai International Property Management Expo on 23 June.

October

Poly Property entered the comprehensive improvement project of Canton Tower on 1 October, setting new heights for town-wide services. Within the year, Poly Property had continuously explored on the track of public services, successively served Nanhu subdistricts of Jiaxing, Mount Wutai, Line 15 of the Shanghai Metro and signed the contract of the sanitation integration project of Donggang city.

12

10

11

October

The opening ceremony of the sixth Poly Spark Class was held in Shanxi on 19 October. Poly Property is determined to fulfill its social responsibility as a state-owned enterprise, by providing targeted poverty alleviation assistance of "education + employment" to 428 registered underprivileged students in national-level poverty-stricken counties for the last three years.

November

Poly Property officially launched the new project for veterans recruitment namely "Glory to Veterans" on 3 November, to intensively develop a programme specialised in the recruitment of veterans, by assisting to provide solutions to the issue of the re-employment of veterans, and to further improve the blueprint of the talent engagement system of Poly Property.

October

Poly Property introduced the "Seed Institutes" at 2021 Guangzhou Smart Property Management Expo on 27 October, taking a solid step at technology empowerment operation.

AWARDS AND HONOURS

1

2

3

4

5

6

1 **December 2021**
2016-2020 National Outstanding Unit in Law Popularisation
Awarding entity: Publicity Department of the CPC Central Committee, Ministry of Justice of the PRC and National Office for Popularising Legal Knowledge

2 **April 2021**
2021 TOP100 Property Management Companies in China (TOP5)
Awarding entity: China Index Academy

3 **May 2021**
2021 Top 10 Listed Company of China Property Management Service
Awarding entity: E-House Real Estate R&D Institute

4 **April 2021**
2021 China TOP10 Property Management Companies in terms of Business Performance
Awarding entity: China Index Academy

5 **April 2021**
2021 China TOP10 Property Management Companies in terms of Business Size
Awarding entity: China Index Academy

6 **April 2021**
2021 China Leading Property Management Companies in terms of Service Quality
Awarding entity: China Index Academy

7

8

9

10

11

12

13

7 April 2021
2021 Leading Companies in Market Oriented Operation of China's Property Management
Awarding entity: China Index Academy

8 April 2021
2021 China Leading Property Management Companies in terms of Social Responsibility
Awarding entity: China Index Academy

9 May 2021
2021 Leading Listed Company of China Property Management Service in terms of Leading Market Development Capability
Awarding entity: E-House Real Estate R&D Institute

10 April 2021
2021 China High-end Property Service Leading Company
Awarding entity: China Index Academy

11 April 2021
2021 China Leading Property Management Companies in terms of Nebulas Enterprise Service – Commercial Office Service Brand
Awarding entity: China Index Academy

12 May 2021
2021 Featured Brand of China Property Management Service – Oriental Courtesy
Awarding entity: E-House Real Estate R&D Institute

13 September 2021
2021 China Specialized Operational Leading Brand of Property Service Companies (Brand value: RMB15.9 billion)
Awarding entity: Beijing China Index Academy

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board, I am pleased to present the annual results of the Group for the year ended 31 December 2021. During the year, the Group recorded a revenue of approximately RMB10,782.5 million, representing an increase of approximately 34.2% as compared to the corresponding period of 2020; a gross profit of approximately RMB2,014.6 million, representing an increase of approximately 34.4% as compared to the corresponding period of 2020; a profit for the year of approximately RMB870.9 million, representing an increase of approximately 25.1% as compared to the corresponding period of 2020; and a profit for the year attributable to owners of the Company of approximately RMB845.7 million, representing an increase of approximately 25.6% as compared to the corresponding period of 2020.

In 2021, the property management industry experienced significant and unexpected changes. An increasingly competitive market brought about both opportunities and challenges. The industry experienced an expansion in scale as a result of various favorable policies, which accelerated the process of property companies in breaking through service boundaries and establishing capabilities for multi-business type servicing capabilities, continued the incubation of value-added business types, and enhanced the management of innovation and technology investments. The Group has been maintaining strategic stability, implementing the core operational strategies of "deeply cultivating in the markets, operating with enhanced effectiveness and comprehensive informatization" in the first year of the 14th Five-Year Plan, with the achievement of steady growth in multiple performance indicators, laying a solid foundation for the realisation of our 14th Five-Year Plan strategy.

A review of 2021

1. Cultivating core cities and core business types and maintaining high-quality growth in the course of market expansion.

In the increasingly competitive market environment, we firmly laid out key regions concentrated in the core economic belts, raised regional density to realise centralized management, enhanced the layout of the core non-residential business and strengthened the quality of all business types. We also took various measures to improve our market expansion capabilities and continued to maintain a high-quality growth in the course of market expansion. With numerous applicable measures, we strived to upgrade our capability and keep our high-quality growth tendency in market expansion. The newly signed single-year contract value of projects from third parties acquired was approximately RMB1,900.9 million during the year, with the proportion of non-residential businesses and the number of benchmark projects rising further and the structure of business types and the quality of projects continuously improved. We formed joint ventures with four local state-funded platforms and targeted superior regional strategic resources to facilitate the overall scale in reaching a new level. As at 31 December 2021, we had expanded into 196 cities in 29 provinces, municipalities and autonomous regions across China, with a contracted GFA of approximately 656.3 million sq.m., 2,428 contracted projects, GFA under management of approximately 465.3 million sq.m. and 1,786 projects under management.

2. Improving core business types and extending the supply chain of city services to solidify our competitive advantages in public services.

We further solidified our leading advantages in three type of business, namely urban scenic spots, high schools and universities, as well as railway transportations, by improving the standards of services under different business types, better satisfying differentiated service needs, enhancing the development of benchmark projects, amplifying our regional influence, endeavoring in market expansion and raising the levels of scale of business types in full force. The newly signed single-year contract value of public service projects was approximately RMB950 million during the year, with the proportion of the three core business types accounting for over 60%, and the implementation of benchmark projects such as the improvement project of Canton Tower in Guangzhou City, Shanghai Metro Line 15, Yubei District of Southwest University of Political Science & Law, etc. We extended the supply chain of the city services layout. By incorporating a professional marketization team and forming companies providing professional environmental sanitation services with business partners, we constructed our capabilities in the vertical industry of environmental protection and sanitation, supporting the implementation of our city service strategy.

3. Committing to satisfying customers' needs and promoting the in-depth development of value-added service business.

We promoted the development of the breadth and depth of our capabilities in value-added business sub-sectors with our commitment to satisfying customer needs. During the year, through community portrait analysis, we constructed the models of consumption potential and customers distribution, and realised the precise connection of the property-owners needs and service products. We focused on core businesses, including move-in and furnishing services, community retail, space operation and housekeeping services, continued to optimize our business model and supply chain, expedited large scale centralized procurement, expanded our co-operation with industry-leading companies, increased our access to premium resources, and hence extended the breadth and depth of our community coverage. We commenced our parking space agency business with Poly Developments and Holdings Group during the year, opened up the new business unit of existing community asset management. In terms of our abilities in implementation, we proactively searched for service contact points, constructed services models, and rapidly upgraded various customer-servicing systems to enhance service efficacy and improve customer experience.

4. Improving our medium-and long-term incentive mechanisms to stimulate the vitality of corporate development.

We have always regarded innovative incentive mechanism as the top priority in corporate reform. We established medium-and long-term incentive mechanisms for the Company with the adoption of restricted share incentive during the year, making us the first state-owned enterprise in the property management industry to develop a share incentive scheme, which in turn solidify the foundation of development for the Company's incentive mechanism in the next ten years, and exerted vital influence in the stimulation of team competitiveness and corporate development vitality. At the same time, we actively seized the opportunities coming along with "Double Hundred Enterprises" (「雙百企業」), to provide incentive guarantee for the incubation of new business by exploring incentive mechanism herein.

5. *Enhancing quality and effectiveness comprehensively with organizational reform and empowerment of digitalization.*

We promoted the transformation of "pan-market expansion and pan-operation" organizational structure during the year, high-lighting our frontstage expansion and middle-and backstage professional management and control, the centralized management of expansion across various business types, as well as the established full business types and full life cycle project management and control capacities, with the integration of quality management, cost control and project operation. At the same time, we facilitated further the precise cost management and control. The improvement of standardized project cost model and facilitation of centralized procurement for core outsourcing business significantly enhanced our cost management and control capability. In the field of digitalization empowerment, our upgraded and unifying finance internal control system had realised the overall real-time management control for matters from project units, regional platforms in the perspective of the Company as a whole, facilitated the effective management and precise operation of the Company, and better adapted to management requirements under such trend of rapid development. We also proactively explored the application of intelligent community layout. Through the continuous improvement of online applications for property-owners, endeavoring promotion of implementation of intelligent pedestrian and vehicular facilities, enriching the residential experience of property owners, and the practice of inter-connection between EBA facilities in certain testing spots, we continued the exploration of our technological management capability for community properties.

6. *Proactively practicing the social responsibility of a state-owned enterprise by assisting the government in fighting the pandemic and the flood.*

In 2021, the staff of Poly Property proactively practiced the social responsibility of a state-owned enterprise by standing on the front line in fighting the pandemic and the flood, exerting the hardworking and fearless spirit of a member in the property management industry to the full extent. Our staff co-operated with government departments in the works of pandemic control and disaster relief to ensure the safety of property-owners and protect communities. At the same time, we worked actively to coordinate resources, giving our best efforts in securing livelihood by providing services such as importing vegetables and other fresh food into communities, which in turn brought us unanimous acclaim from the government, residents and society.

Outlook

We remain optimistic about the long-term development of the property management industry. With the continuous development of society and economy, residents' pursuit of quality of life will drive the continuous increase in demand for quality property services and therefore support the long-term, high-quality development of the property management industry in the future. At the same time, properties have been closely connecting the daily lives of residents to various public spaces, which gives the industry intrinsic advantages in undertaking city services and management needs. We believe that during the national facilitation of management and control reform, socialization of logistic services and increasing precision in essential society management and city management, more service needs will emerge and facilitate unstoppable breakthroughs in service scenarios and continue to enrich service content of the property management industry.

The nature of our industry's social value will become more prominent. With the support of relevant policies and the encouragement for enterprises to explore the business model of "property service + lifestyle service", we strive to satisfy the diversified and multi-level residential, and livelihood needs of residents. A property management company should be able to provide traditional and essential services and enhance their abilities to offer residents-oriented, convenient and security services within communities at the same time. With the improvement of industrial capability around various fields in daily lives, the enrichment of functions in community services will be achieved. At the same time, being the smallest unit in fundamental social management, properties have been vital in connecting entities such as residents, streets, the government, etc. Under the guidance of relevant policies, the industry will infiltrate deeply into the management of communities and exert greater values in establishing a basic social management system with the features of co-construction, co-governance and co-utilization.

The industry is accelerating towards specialisation and differentiation. As the industry has entered a refined development stage, it is important for property enterprises to pay extra attention to the differentiated needs of customers under various service scenarios. From residential communities, commercial offices to city-wise services, the different types of business will catalyze the gradual formation of targeted service standards and features, leading to the establishment of differentiated competitive advantages, facilitating the formation of technical barriers and service advantages of leading property enterprises in sub-sector businesses.

Refining operations will become the core competitiveness of the industry in the future. With the upscaling of management and diversification of services, the property management industry has entered a trans-regional, trans-business and trans-industry business model. As an industry with high manpower density, promoting growth in business scale and ensuring service quality and profitability simultaneously will become a prominent challenge on the corporate management level. Property enterprises are required to continuously promote refined operation capabilities while enhancing the construction in fields such as operating system, incentive assessment system, cost control system, and informative platform. We will endeavour for the scientific balance of scale, quality, cost, and profitability to raise the core competitiveness of our very own large scale refined management.

Facing the development opportunities of the industry, we will commit to national policies. With service quality as our backbone, we will proactively capitalize on the development of the industry, continuously raise our endogenous competitiveness, insist on the upscaling of in-depth regional cultivation, and enhance business innovation around sub-sectors. At the same time, continuously improve our management efficacy and speed up digitalization transformation, giving our best efforts for realising our corporate vision of becoming the leading provider of the Comprehensive Property ecosystem.

POLY PROPERTY SERVICES CO., LTD.
Huang Hai
Chairman of the Board and Non-executive Director

Guangzhou, the PRC, 15 March 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading comprehensive property management service provider in China with extensive property management scale and state-owned background. According to the ranking of 2021 Top100 Property Management Companies in China by the China Index Academy, the Group ranked fifth among the Top100 Property Management Companies in China and first in terms of management scale among the property management companies with state-owned background. With high-quality services and brand strength, we have enjoyed an industry-wide reputation. Our brand was valued at approximately RMB15.9 billion in 2021. The Group has actively pushed forward the "Comprehensive Property" strategic layouts and its management business portfolio covers residential communities, commercial and office buildings, and public and other properties. As at 31 December 2021, the Group has entered 196 cities in 29 provinces, autonomous regions and municipalities across the country, and recorded a GFA under management of approximately 465.3 million sq.m. with a total of 1,786 projects under management, and a contracted GFA of approximately 656.3 million sq.m. with a total of 2,428 contracted projects.

The Group's revenue is derived from three main business lines, namely (i) property management services; (ii) value-added services to non-property owners; and (iii) community value-added services.

Property management services — representing approximately 61.9% of the total revenue

For the year ended 31 December 2021, the Group's revenue from property management services amounted to approximately RMB6,670.4 million, representing an increase of approximately 34.8% as compared to the corresponding period of 2020, which is mainly due to the expansion of GFA under management and the increase in the number of projects under management of the Group.

The following table sets out the changes in the Group's contracted management scale:

	As at 31 December					
	2021			2020		
Source of projects	**Contracted GFA '000 sq.m.**	**Percentage of contracted GFA %**	**Number of contracted projects**	Contracted GFA '000 sq.m.	Percentage of contracted GFA %	Number of contracted projects
Poly Developments and Holdings Group (Note 1)	**278,993**	**42.5**	**1,227**	240,145	42.3	1,027
Third parties (Note 2)	**377,266**	**57.5**	**1,201**	327,057	57.7	921
Total	**656,259**	**100.0**	**2,428**	567,202	100.0	1,948

Note 1: The related information of "Poly Developments and Holdings Group" set out in the section headed "Management Discussion and Analysis" in this annual report include properties developed, solely or jointly with other parties, by Poly Developments and Holdings Group Co., Ltd ("**Poly Developments and Holdings**") and its subsidiaries (together, "**Poly Developments and Holdings Group**"), joint ventures and associates.

Note 2: The GFA from "third parties" as set out in the section headed "Management Discussion and Analysis" in this annual report excludes projects that do not clearly stipulate the agreed GFA in the contracts. With the Group enhancing its market expansion, certain third-party project contracts only stipulate the total contract price rather than the GFA.

As one of the leaders in the real estate industry in China, the steady development and support of Poly Developments and Holdings Group, our controlling shareholder, brought along with increasing business demand for the Group. As at 31 December 2021, the contracted GFA from Poly Developments and Holdings Group reached approximately 279.0 million sq.m., representing an increase of approximately 38.8 million sq.m. as compared to the contracted GFA as at 31 December 2020.

In the increasingly competitive market environment, the Group adheres to the strategy of intensive cultivation in core cities and core business types. Leveraging on our excellent service quality and brand influence, the Group continues to enhance its efforts in market development. During the year, the single-year contract value of projects from third parties newly signed by the Group amounted to approximately RMB1,900.9 million (excluding renewed projects), of which, large scale projects with single-year contract value of over RMB10 million accounted for over 40% and the single-year contract value from non-residential businesses accounted for over 73%, showing rapid implementation of the Comprehensive Property strategy. As at 31 December 2021, the number of contracted projects from third parties newly signed by the Group was 1,201, representing a net increase of 280 as compared to that of the end of 2020.

The Group also proactively explored joint venture co-operation with state-owned enterprises and local state-funded platforms. During the year, the Group completed the establishment of joint ventures and entered into strategic co-operation agreement with four state-funded platforms, to capitalize preemptively on the market of scale services with the co-operative complementation of resources and capabilities.

The following table sets out a breakdown of the Group's revenue, GFA under management and the number of projects under management by the source of projects for the periods or as at the dates indicated:

	Year ended 31 December or as at 31 December									
	2021					2020				
Source of projects	Revenue		GFA under management		Number of projects under management	Revenue		GFA under management		Number of projects under management
	RMB'000	%	'000 sq.m.	%		RMB'000	%	'000 sq.m.	%	
Poly Developments and Holdings Group (Note 1)	**4,376,229**	**65.6**	**185,966**	**40.0**	**904**	3,642,596	73.6	152,288	40.1	746
Third parties (Note 2)	**2,294,168**	**34.4**	**279,347**	**60.0**	**882**	1,304,959	26.4	227,838	59.9	643
Total	**6,670,397**	**100.0**	**465,313**	**100.0**	**1,786**	4,947,555	100.0	380,126	100.0	1,389

Note: See note 1 and note 2 on page 16.

Continuous improvement in marketisation ability provides reliable assurance for the steady growth of the scale of property management of the Group. For the year ended 31 December 2021, revenue from property management services to third parties amounted to approximately RMB2,294.2 million, representing a significant increase of approximately 75.8% as compared to the corresponding period of 2020 and accounting for approximately 34.4% of the total revenue from property management services, representing a year-on-year increase of approximately 8.0 percentage points.

Leveraging on the extensive service experience and brand influence in non-residential businesses, the Group accelerated the expansion of businesses in the field of commercial and office buildings as well as public and other properties, hence, the structure of property management business was further optimised and accelerated the implementation of the Comprehensive Property strategy. As at 31 December 2021, the GFA under management of non-residential businesses increased to approximately 256.0 million sq.m., accounting for approximately 55.0% of the total GFA under management. During the year, we recorded revenue of property management from non-residential properties of approximately RMB2,435.3 million, representing an increase of approximately 62.4% as compared to the corresponding period of 2020. The proportion of such revenue to the overall revenue of property management services increased by approximately 6.2 percentage points year-on-year to approximately 36.5%.

The following table sets out a breakdown of the Group's revenue, GFA under management and number of projects under management by property type for the periods or as at the dates indicated:

	Year ended 31 December or as at 31 December									
	2021					2020				
Source of projects	**Revenue**		**GFA under management**		**Number of projects under management**	Revenue		GFA under management		Number of projects under management
	RMB'000	**%**	**'000 sq.m.**	**%**		RMB'000	%	'000 sq.m.	%	
Residential communities	**4,235,111**	**63.5**	**209,362**	**45.0%**	**1,020**	3,448,240	69.7	167,525	44.1	832
Non-residential properties	**2,435,286**	**36.5**	**255,951**	**55.0%**	**766**	1,499,315	30.3	212,601	55.9	557
— Commercial and office buildings	**973,369**	**14.6**	**15,878**	**3.4%**	**225**	695,291	14.1	11,285	3.0	164
— Public and other properties	**1,461,917**	**21.9**	**240,073**	**51.6%**	**541**	804,024	16.2	201,316	52.9	393
Total	**6,670,397**	**100.0**	**465,313**	**100.0%**	**1,786**	4,947,555	100.0	380,126	100.0	1,389

The Group adheres to the principle of quality, and further improved the service standards and quality control system for the overall business during the year, so as to strengthen the establishment of product competitiveness of property service. With the establishment of the standardised management control system and cost standard system for overall business and full life-cycle, we promoted the smallest unit of the project to achieve improvements in quality, efficiency and effectiveness. We also strengthened staff empowerment through informatisation tools and training systems.

For residential communities, the Group has established two major property service brands of "Harmony Courtyard" and "Oriental Courtesy" as its effort to establish a differentiated service system, and hence satisfying the residential needs of different customer groups and offering premium living experience through refined management, standardised services and scenario-base experience. As at 31 December 2021, the GFA under management of the Group in the residential communities was approximately 209.4 million sq.m., accounting for approximately 45.0% of the total GFA under management. For the year ended 31 December 2021, revenue from property management services for residential communities amounted to approximately RMB4,235.1 million, representing an increase of approximately 22.8% as compared to the corresponding period of 2020 and accounting for approximately 63.5% of total revenue from the Group's property management services.

Harmony Courtyard

"Harmony Courtyard", a residential property service brand of Poly Property, deeply takes root in the traditional Chinese courtyard culture. Based on the brand philosophy of "a warmer home" and the four-in-one service system bolstered by "genuineness, kindness, beauty and harmony", we offered services and cultural activities with distinctive brand features in various scenarios and created a harmonious ambience uniquely possessed by Poly Property in communities. With the concerted efforts of the three parties, namely the government, property owners and property management, ideal communities characterised by "collaboration, participation and common interests" have been built where loving families, peaceful neighbourhoods and harmonious communities could be found.

Oriental Courtesy

Poly Property has developed "Oriental Courtesy" for fellow citizens in the high-end residential property sector in China. Upholding the brand proposition of "Considerate and Courteous" (通情•達禮), apart from actively responding to the needs of customers for professional services, Poly Property has also given full play to the cultural value of service and service value of culture to the greatest extent possible. The services and products of Poly Property are designed based on its ability in scenario operation to create a three-in-one service system centring on "full-territory security", "two-butler service" and "four-festival and eight-ceremony community activities", with an aim to provide a "respectful, trustworthy and people-oriented" Chinese-style living experience.

For commercial and office buildings, the Group has established the property service brand of "Nebula Ecology" to provide a trinity service system including property management, asset management and corporate services around the service concept of "scenario operation", all for the aim of developing a leading brand for commercial and office services with state-owned background. During the year, the Group successfully implemented the standardised service system of "Nebula Ecology" in various benchmark projects, so as to promote market expansion through benchmarking effect. During the year, newly signed contracts included quality commercial projects, such as Tianjin Bohai Bank building, Guangzhou Haizhu District Administration office building, Agricultural Bank of China office building (Beijing branch), Guangzhou Enterprises Mergers and Acquisitions Services, China Life Anhui Financial Centre. As at 31 December 2021, the GFA under management of commercial and office buildings of the Group was approximately 15.9 million sq.m. For the year ended 31 December 2021, revenue from property management services for commercial and office buildings amounted to approximately RMB973.4 million, representing an increase of approximately 40.0% as compared to the corresponding period of 2020.

Nebula Ecology

Nebula Ecology of Poly Property adopts a brand proposition of "being born for the top 500" and strives to develop into the "leading brand of service provider with state-owned background". Being the first to introduce the idea of "scenario operation", Poly Property has offered one-stop solutions from the perspectives of, amongst others, space, atmosphere, service and connection by focusing on the five-dimensional values and optimising eight featured services. Asset management and property management will be integrated into the commercial services of Poly Property to ultimately realise asset preservation and appreciation for customers.

For public and other properties, the Group has established the property service brand of "Towns Revitalisation" and formed the 5G product system with gridded governance, integrated municipal services, reconstruction and operation of old communities, smart towns and business empowerment as the core. By cultivating diversified business types in cities and town-wide services, we assisted the improvement in basic social governance. As a pioneer in the public services sector, the Group has established a nationwide presence with leading advantages in diverse business portfolios covering higher education and teaching and research properties, towns and scenic areas, railways and transportation properties, hospitals, government offices, urban public facilities, and etc.

Towns Revitalisation

With more than 20 years of accumulated experience in traditional property management service, Poly Property has joined hands with the government to explore a "three-in-one" new management path and develop a new public service management model that is based on the public service theory, led by the government, implemented mainly by Poly Property and proactively participated by service targets. With a key focus on urban services and being positioned as a full-territory public service provider, Towns Revitalisation has launched a public service portfolio containing 5G service packages, 4 major model projects and 3 major supports, striving to promote modern social governance development by leveraging the service capability brought by soft infrastructure and to ultimately realise "Harmonious China, Beautiful China".

During the year, the Group continued to maintain a rapid expansion trend in the public services sector, continued to intensively cultivate three core business types, namely higher education and teaching and research properties, railways and transportation properties and towns and scenic areas, and achieved breakthroughs in many landmark projects in the hospital businesses. For the year ended 31 December 2021, the single-year contract value of public and other property projects newly contracted by the Group reached approximately RMB950 million, of which three core business types accounted for over 61.2%. The key projects included, among others, the comprehensive enhancement project of Canton Tower in Guangzhou City, public service for Nanhu subdistricts in Jiaxing City, Mount Wutai in Xinzhou City, Shanghai Metro Line 15, Yubei Campus of Southwest University of Political Science & Law, Beijing Hospital and the Affiliated Hospital of Chengdu University. The Group also promoted the industry layout of integrated environmental sanitation services and signed contracts for and have undertaken environmental sanitation projects in Nansha District of Guangzhou City, Hecun Town of Jiangshan City and Xiangzhou District of Xiangyang City, etc., as well as incorporating professional marketing team for the establishment of environmental sanitation joint venture with a industry partner, so as to develop vertical business capability for environmental sanitation services, to improve the industry chain of city services and hence support the deepening and solidification of city service strategy.

As at 31 December 2021, the number of projects under management for public and other properties was 541, representing an increase of 148 as compared with that of the end of 2020. For the year ended 31 December 2021, the revenue of the Group from public and other properties was approximately RMB1,461.9 million, representing an increase of approximately 81.8% as compared with the corresponding period of 2020 and accounted for approximately 21.9% of the total revenue from property management services, representing an increase of approximately 5.7 percentage points in its percentage of revenue as compared with the corresponding period of 2020.

Steady increase in the average property management fee per unit

Benefiting from higher pricing standards for new projects and price increase for certain projects under management, the average property management fee per unit of the Group increased steadily.

The following table sets out the average property management fee per unit of residential communities and commercial and office buildings for the periods indicated:

	Year Ended 31 December		
	2021 (RMB/sq.m./month)	2020	Changes (RMB)
Residential communities	**2.24**	2.23	Increase 0.01
— Poly Developments and Holdings Group	**2.32**	2.30	Increase 0.02
— Third parties	**1.78**	1.78	Stable
Commercial and office buildings	**7.39**	7.83	Decrease 0.44
— Poly Developments and Holdings Group	**8.67**	8.98	Decrease 0.31
— Third parties	**6.34**	5.91	Increase 0.43

Value-added services to non-property owners — representing approximately 16.8% of the total revenue

The Group provides value-added services to non-property owners (mainly property developers), including (i) pre-delivery services to property developers to assist with their sales and marketing activities at property sales venues and display units, mainly including visitor reception, cleaning, security inspection and maintenance; and (ii) other value-added services to non-property owners, such as consultancy, inspection, delivery and asset operation services.

The following table sets out a breakdown of the Group's revenue from value-added services to non-property owners by service type for the periods indicated:

Service Type	Year Ended 31 December			
	2021		2020	
	RMB'000	**Percentage of revenue %**	RMB'000	Percentage of revenue %
Pre-delivery services	**1,123,052**	**62.0**	953,684	71.1
Other value-added services to non-property owners	**688,179**	**38.0**	387,567	28.9
Total	**1,811,231**	**100.0**	1,341,251	100.0

The Group's revenue from value-added services to non-property owners for the year ended 31 December 2021 was approximately RMB1,811.2 million, representing an increase of approximately 35.0% as compared to the corresponding period of 2020, which was mainly due to (i) the continuous increase in the number of projects provided with pre-delivery services by the Group; and (ii) the rapid growth of other value-added services to non-property owners of the Group.

Value-added services to non-property owners

Poly Property has provided property developers with pre-delivery services and other value-added services to non-property owners.

Community value-added services — representing approximately 21.3% of the total revenue

For the year ended 31 December 2021, the Group's revenue from community value-added services amounted to approximately RMB2,300.9 million, representing a growth of approximately 31.6% compared to the corresponding period. This was mainly attributable to (i) the expansion of the Group's management scale and the increase in service users, coupled with the customer loyalty brought by our quality basic services, provided us with sound business foundation for the development of community value-added services; and (ii) the continuous improvement of service capabilities in vertical industries such as move-in and furnishing services, community retail, space operation and housekeeping services.

During the year, the Group promoted the in-depth development of core industries, including continuous improvement of business model and supply chain, promoting centralised procurement services on a large scale, expanding the co-operation with industry-leading companies, enhancing the capabilities of implementation of services, etc., around the three dimensions of insightfulness for needs, research and development of products and project operations. In the field of move-in and furnishing services, the Group has developed our turnkey furnishing and move-in business, continued to improve and optimise our supply chain resources, which formed a professional and efficient operation model in a faster pace. In the field of community retail, the Group established an online platform named "Heyuan Youpin" (和院優品) to accelerate the integration of the supply chain, and relied on hot item and highly popular product strategy and competence in diversified channels, so as to achieve rapid growth in the scale of retail sector. In the field of space operation, the Group has greatly increased the value of community resources and utilisation efficiency through centralised procurement services on a large scale as well as innovative and integrated marketing services. In the field of the housekeeping service, the Group further improved the supply chain of cleaning, maintenance and postpartum doulas to increase the service coverage in communities, integrated community resources and facilitated cross-regional co-operation with leading housekeeping enterprises. During the year, the Group proactively explored operational business on community assets, to capitalise on the advantages of property-scenario services by commencing parking spaces sales agency business with Poly Developments and Holdings Group, in order to rapidly establish the capabilities of community inventory asset management.

Move-in and furnishing services: realising approximately RMB402.7 million in revenue, accounting for approximately 17.5% of the total revenue from community value-added services

Move-in furnishing services focus on user needs to extend the entire life cycle of the business. Focusing on business scenarios like turnkey furnishing and move-in, furniture group purchase, and old house renewal, we create digitalised service tools to provide the property owners with comprehensive housing solutions from design, installation, delivery to repair and maintenance.

Community retail: realising approximately RMB481.8 million in revenue, accounting for approximately 20.9% of the total revenue from community value-added services

Community retail offers value-for-money products to property owners for their selection through different ways such as direct supply, centralised procurement and prepositioned warehouses. By leveraging mutual access of online and offline resources coupled with front-end door-to-door delivery service by first-line butlers, we provide property owners with a cost-effective shopping experience.

Parking lot management services: realising approximately RMB301.1 million in revenue, accounting for approximately 13.1% of the total revenue from community value-added services

Parking lot management services aim at providing operation solutions targeting order management and control, operation and development and toll management with reference to a thorough combination of distinctive factors in relation to the carparks, including facilities, geographical location, distribution of carpark space units and customer demands. Smart parking system and smart equipment have been actively utilised to reduce costs and enhance efficiency.

Space operation: realising approximately RMB366.1 million in revenue, accounting for approximately 15.9% of the total revenue from community value-added services

Space operation strive to provide services such as venue rental, courier service, charging service, sharing service and recycling service by optimising the usage of public resources, and to explore the communication value of community media channels such as elevators and carparks, to realise standardised and digitalised operation with information system, so as to increase the coverage of our community media spots and optimise the result of operation. At the same time we provide "quality and efficient" community-integrated marketing services to the brand merchant, in order to develop a multi-dimensional value chain of media operation.

Community convenience and other services: realising approximately RMB749.2 million in revenue, accounting for approximately 32.6% of the total revenue from community value-added services

We provided diversified convenience and living services according to the needs of property owners, including home cleaning, housekeeping and maintenance, home-based nursing, babysitting and postpartum doulas, theme-based education and realtor services as well as property-specific services such as garbage disposals and removals.

Community value-added services

From convenience services, housekeeping services to move-in and furnishing services and community retail, a community service ecosystem has been established to cover the entire lifecycle of living scenarios.

FUTURE DEVELOPMENT

Adhering to the corporate vision of being "the leading service provider of the Comprehensive Property ecosystem", we will continue to maintain strategic stabilisation, to accelerate the increase in share in the property management market, to continuously facilitate the in-depth development of value-added industries, to speed up the empowerment of digitalisation of operation and management, and promote the Company's improvement of quality and effectiveness, as well as the high-quality upgrading of services, with the emphasis of "continuous cultivation, comprehensive refinement and the acceleration of the empowerment of digitalisation".

Continuously consolidate our presence in core cities and core business types to achieve expansion of high-quality marketisation

We will insist to focus on core regions and business types with large market capacities and excellent customer resources, to increase the density in regional management, as well as the scale and grade in segmentised business types. With a market environment consisting of both opportunities and challenges, we will, on the one hand, continuously improve our market expansion team to strengthen our expansion empowerment and reinforce expansion competitiveness. On the other hand, through increasing market research, establishing benchmarking projects, integrating strategic resources and enriching business categories and highlighting regional characteristics, we will further improve our market competitiveness and proactively seize the opportunities with the increase in industry scale concentration. At the same time, we will use a combination of various methods like joint ventures and co-operation and investments in equity interests to enhance the force of integration of high-quality resources in the region, actively developing layout of new industries and new business types, so as to actively build professional service capabilities.

Intensively cultivate core industries and create high-quality and professional value-added service capabilities

The core value of community value-added services is to provide comprehensive satisfying living experience to the residents. We have always been concentrating on the needs of users, by focusing the five core industries of move-in and furnishing services, community retail, space operation, housekeeping services and assets management. Through the systematic enhancement of the three capabilities including "insightfulness for needs, research and development of products and practical implementation", we effectively connect with resources of high-quality services on the market, to come into our own as a service provider of living service platforms. We will keep on upgrading and dimensionalising the construction of marketing system around the supply chain and continuously facilitate the in-depth industry development with enhancement of effective execution capability, as well as to select the fields with concentrated users with properties that possess operational advantages and with mature business mode, so as to explore vertical operation of industries.

Refine comprehensively for increasing corporate competitiveness

We will comprehensively raise the organisational operation effectiveness, talent efficacy, economical performance, market competitiveness and management precision around the concept of "Five Refinements" (namely organisational refinement, talent refinement, cost refinement, product refinement and operation refinement). We will improve the transformation of pan-market expansion and pan-operation organisational structure and achieve professional and clustered operation in expansion and management, and comprehensively improve organisational efficacy and flexibility. At the same time, we will accelerate the cultivation of talent teams and introduction of marketisation, build a supply chain of key talents and actively improve personnel effectiveness. We will optimize our assessment incentive mechanism at every level, so as to stimulate the viability and initiativeness of staff of all levels to full extent. With the proactive use of share incentive tools, we are aspired to core team of skillful, responsible, and highly capable key members, for the facilitation of better and faster development of the Company. We will seize the opportunities coming along with the SASAC's "Double Hundred Enterprises" Pilot Project (國資委「雙百企業」試點), to continuously expand and improve the construction of our incentive mechanisms.

We will continue to promote the precise operation of project units, including the improvement of service standards among business types, strengthening of cost control, the improvement of cycle operation system, the application of informatisation tools, real-time understanding of project operation dynamics and issuance of timely warning to correct deviations, so as to achieve effective synergism among project quality, efficiency and efficacy.

Speed up the empowerment of digitalisation and comprehensively support implementation of strategy

We will speed up the capability construction of digitalisation and technologisation. We will apply deeply the five-in-one internal control system of "sharing information of budget, cost, manpower, cost control and finance", to enhance the management of costs and fees, and strengthen digitalised analysis of operation, so as to achieve improvement of managerial operation with improved timeliness, field of vision, precision and effectiveness. At the same time, we will continue to upgrade the basic residential and commercial service systems, and establish digital platforms for town-wide services and technology-supported platforms for multi-scenario services. We will accelerate the realisation of smart community construction, improve the facilitation of smart vehicular and pedestrian construction, smart facilities, smart application, etc., to lay a solid foundation for the realisation of smart community services and technologised management.

FINANCIAL REVIEW

Revenue

The Group's revenue is derived from three main business lines: (i) property management services; (ii) value-added services to non-property owners; and (iii) community value-added services.

The following table sets out a breakdown of the revenue by business line for the periods indicated:

	Year ended 31 December				
	2021		2020		
		Percentage of revenue		Percentage of revenue	Growth rate
	RMB'000	**%**	RMB'000	%	%
Property management services	**6,670,397**	**61.9**	4,947,555	61.6	34.8
Value-added services to non-property owners	**1,811,231**	**16.8**	1,341,251	16.7	35.0
Community value-added services	**2,300,921**	**21.3**	1,748,350	21.7	31.6
Total	**10,782,549**	**100.0**	8,037,156	100.0	34.2

For the year ended 31 December 2021, the total revenue of the Group amounted to approximately RMB10,782.5 million (2020: approximately RMB8,037.2 million), representing an increase of approximately 34.2% as compared to the corresponding period of 2020. It was mainly due to: (i) an increase in revenue driven by the continuous increase in the management scale of the Group; and (ii) continuous steady development of value-added services of the Group during the year.

Cost of services

During the year, the cost of services of the Group amounted to approximately RMB8,767.9 million (2020: approximately RMB6,538.1 million), representing an increase of approximately 34.1% as compared to the corresponding period of 2020. The increase in the cost of services was mainly due to (i) the corresponding increase in staff costs and subcontracting costs as a result of an increase of the GFA under management and number of projects under the management of the Group; and (ii) the corresponding increase in costs arising from the additional incubation of office leasing business.

Gross profit and gross profit margin

The following table sets out a breakdown of the Group's gross profit and gross profit margin by business line for the periods indicated:

	Year ended 31 December					
	2021			2020		
	Gross profit (RMB'000)	**Percentage of gross profit %**	**Gross profit margin %**	Gross profit (RMB'000)	Percentage of gross profit %	Gross profit margin %
Property management services	**954,267**	**47.4**	**14.31**	700,496	46.7	14.16
Value-added services to non-property owners	**337,976**	**16.8**	**18.66**	269,394	18.0	20.09
Community value-added services	**722,397**	**35.8**	**31.40**	529,171	35.3	30.27
Total	**2,014,640**	**100.0**	**18.68**	1,499,061	100.0	18.65

For the year ended 31 December 2021 the Group's gross profit was approximately RMB2,014.6 million, representing an increase of approximately 34.4% as compared to approximately RMB1,499.1 million of the corresponding period of 2020. The Group's gross profit margin increased from approximately 18.65% for the corresponding period of 2020 to approximately 18.68%.

For the year ended 31 December 2021, the Group's gross profit margin for property management services was approximately 14.31% (2020: approximately 14.16%), representing a slight increase.

The gross profit margin for value-added services to non-property owners was approximately 18.66% (2020: approximately 20.09%), representing a decrease of approximately 1.43 percentage points as compared to the corresponding period of 2020, which was primarily due to the effect of the additional incubation of office leasing business.

The Group's gross profit margin for community value-added services was approximately 31.40% (2020: approximately 30.27%), representing an increase of approximately 1.13 percentage points as compared to the corresponding period of 2020, which was primarily due to the fact that the industrial capacity and product upgraded for the business of move-in and furnishing, community retail and so forth, and slightly increased their share in the gross profit.

Other income and other net gain/(loss)

For the year ended 31 December 2021, other income and other net gain/(loss) was approximately RMB153.9 million, representing a decrease of approximately 26.9% as compared to approximately RMB210.5 million for the year ended 31 December 2020, primarily due to the net exchange loss recognised in respect of changes in foreign exchange rates.

Administrative expenses

For the year ended 31 December 2021, the total administrative expenses of the Group was approximately RMB1,006.0 million, representing an increase of approximately 30.7% as compared to approximately RMB769.7 million for the year ended 31 December 2020. Such increase was primarily due to an increase in the remuneration and benefits attributable to additional employees and related expenses as a result of the Group's fast business growth as compared to the corresponding period in 2020. The administrative expenses of the Group accounted for approximately 9.3% of the total revenue, representing a slight decrease as compared to the approximately 9.6% for the year ended 31 December 2020.

Finance costs

For the year ended 31 December 2021, the total finance costs of the Group was approximately RMB10.6 million, representing an increase of approximately 119.8%, as compared to approximately RMB4.8 million for the year ended 31 December 2020, primarily due to the increase in finance costs recognised in respect of the increase in leased assets and right-of-use assets of the Group.

Profit for the year

For the year ended 31 December 2021, the profit for the year of the Group was approximately RMB870.9 million, representing an increase of approximately 25.1% as compared to approximately RMB696.1 million of the corresponding period of 2020. The profit attributable to owners of the Company was approximately RMB845.7 million, representing an increase of approximately 25.6% as compared to approximately RMB673.5 million of the corresponding period of 2020. The net profit margin was approximately 8.1%, representing a decrease of approximately 0.6 percentage points as compared to approximately 8.7% of 2020.

Current assets, reserves and capital structure

For the year ended 31 December 2021, the Group maintained a sound financial position. As at 31 December 2021, the current assets amounted to approximately RMB9,990.6 million, representing an increase of approximately 12.3% as compared to approximately RMB8,898.7 million as at 31 December 2020. Cash and cash equivalents of the Group as at 31 December 2021 amounted to approximately RMB7,690.6 million, representing an increase of approximately 3.3% as compared to approximately RMB7,448.1 million as at 31 December 2020. As at 31 December 2021, the gearing ratio of the Group was approximately 38.2%, representing an increase of approximately 4.3 percentage points as compared to approximately 33.9% as at 31 December 2020. Gearing ratio represents the ratio of total liabilities over total assets.

As at 31 December 2021, the Group's total equity was approximately RMB6,888.8 million, representing an increase of approximately RMB642.0 million or approximately 10.3% as compared to approximately RMB6,246.8 million as at 31 December 2020, which was primarily due to the contributions from the realised profits in the period.

Property, plant and equipment

The Group's property, plant and equipment primarily include self-use right-of-use assets, buildings, leasehold improvements, computer equipment, electronic equipment, transportation equipment, furniture and equipment. As at 31 December 2021, the Group's property, plant and equipment amounted to approximately RMB199.5 million, representing an increase of approximately RMB37.7 million as compared to approximately RMB161.8 million as at 31 December 2020, which was primarily due to the purchase of electronic equipment for office use, and the increase in leasehold improvements and right-of-use assets for the purpose of the Group's business operations.

Leased assets and investment properties

The Group's leased assets and investment properties mainly comprise leased assets and carpark space and clubhouses. As at 31 December 2021, the Group's leased assets and investment properties amounted to approximately RMB704.0 million, representing an increase of approximately RMB523.6 million as compared to approximately RMB180.4 million as at 31 December 2020, which was mainly attributable to the fact that (i) the Group and Poly Developments and Holdings newly entered into a property leasing agreement for a term of three years with effect from 28 May 2021, which increased the leased assets and investment properties by approximately RMB814.5 million; (ii) the amendments to office leasing contract (《寫字樓租賃合同》) dated 16 October 2020 entered initially into with Poly Developments and Holdings, which decreased the leased assets and investment properties by approximately RMB90.0 million; and (iii) the decrease in depreciation of leased assets and investment properties.

Intangible assets

The Group's intangible assets primarily included property management contracts and goodwill obtained from a business combination. As at 31 December 2021, the Group's intangible assets amounted to approximately RMB125.1 million, representing a decrease of approximately RMB11.0 million as compared to approximately RMB136.1 million as at 31 December 2020, which was primarily due to the amortisation of property management contracts.

Trade and bills receivables

As at 31 December 2021, trade and bills receivables amounted to approximately RMB1,424.8 million, representing an increase of approximately RMB536.7 million as compared to approximately RMB888.1 million as at 31 December 2020, which was primarily due to the expansion of GFA under management and the increase in number of projects of the Group, the increase in trade receivables from third parties to the Group.

Prepayments, deposits and other receivables

Prepayments, deposits and other receivables primarily included: (i) deposits from related parties and other receivables; (ii) deposits from third parties and other receivables; (iii) VAT receivables; (iv) interest receivables; and (v) prepayments.

As at 31 December 2021, prepayments, deposits and other receivables amounted to approximately RMB824.7 million, representing an increase of approximately 61.1% as compared to approximately RMB511.9 million as at 31 December 2020, which was primarily due to the deposits from third parties and other receivables amounting to approximately RMB626.4 million as at 31 December 2021, which represented an increase of approximately 64.0% as compared to approximately RMB382.0 million as at 31 December 2020, mainly due to the increase in the Group's GFA under management, which led to the corresponding increase in (i) payment of utility fees on behalf of property owners and residents; (ii) payments on behalf of property owners and residents for properties managed on a commission basis; and (iii) deposits mainly used for the tendering and bidding process.

Trade payables

As at 31 December 2021, trade payables amounted to approximately RMB803.6 million, representing an increase of approximately 102.4% as compared to approximately RMB397.1 million as at 31 December 2020, which was primarily due to the expansion of the Group's GFA under management and the increasing scale of subcontracting to independent third-party service providers.

Accruals and other payables

Accruals and other payables mainly include: (i) accruals and other payables due to third parties; (ii) accruals and other payables due to related parties; (iii) other tax payables; and (iv) salaries payables.

As at 31 December 2021, accruals and other payables amounted to approximately RMB1,780.8 million, representing an increase of approximately 42.8% as compared with approximately RMB1,246.8 million as at 31 December 2020. It was mainly due to the fact that as at 31 December 2021, accruals and other payables due to third parties amounted to approximately RMB1,570.4 million, representing an increase of 50.2% as compared with approximately RMB1,045.8 million as at 31 December 2020, which was mainly comprised of the increase in deposits payable to property owners in relation to decorations and the increase in the temporary receipts from property owners.

Borrowings

As at 31 December 2021, the Group had no borrowings or bank loans.

PLEDGE OF ASSETS

As at 31 December 2021, the Group had no pledge of assets.

SIGNIFICANT INVESTMENT, AND MAJOR ACQUISITION AND DISPOSAL AND FUTURE PLANS

The Group had no significant investment, and major acquisition and disposal for the year ended 31 December 2021. In addition, except for the sections headed "Future Development" in "Management Discussion and Analysis" in this annual report and the expansion plans disclosed in the announcement on the further change of use of proceeds from the global offering dated 16 July 2021 of the Company, the Group did not have any special plans on material investments, acquisitions and disposals.

PROCEEDS FROM THE LISTING

The H shares of the Company (the "**H Shares**") were successfully listed on the Stock Exchange on 19 December 2019 (the "**Listing Date**") with 133,333,400 new H Shares issued and, upon the exercise of the over-allotment option in full, 153,333,400 H Shares were issued in aggregate. Net proceeds from the listing amounted to approximately HK$5,218.2 million after deducting the underwriting fees and relevant expenses. As of 31 December 2021, the Group has used approximately HK$3,304.7 million of the proceeds. Such used proceeds were allocated and used in accordance with the use of proceeds as set out in the prospectus dated 9 December 2019, the announcement on the change of use of proceeds from the global offering dated 1 April 2021, and the announcement on the further change of use of proceeds from the global offering dated 16 July 2021 (the "**Announcement**") of the Company. The unutilised net proceeds are approximately HK$1,913.5 million, which will be allocated and used in accordance with the purposes and proportions as set out in the Announcement. Details of the specific use are as follows:

Revised planned use of the net proceeds as stated in the Announcement	Revised percentage of net proceeds as stated in the Announcement %	Net proceeds for revised planned use as stated in the Announcement HK$ millions	Net proceeds actually utilised as of 31 December 2021 HK$ millions	Revised net proceeds unutilised as of 31 December 2021 HK$ millions	Expected timetable for the usage of the unutilised net proceeds
To pursue selective strategic investment and acquisition opportunities and to further develop strategic alliances and expand the scale of the Group's property management and value-added services businesses, which include acquiring or investing in companies engaged in businesses related to property management or value-added services, or forming joint ventures with such companies, and investing in related industrial funds with collaborative business partners	18.5	965.4	101.5	863.9	On or before 31 December 2022
To further develop the Group's value-added services, which include the development of value-added products and services related to daily scenarios (such as communities, commercial offices and urban management) and assets (such as leasing and sales of properties, parking spaces and shops), the upgrading of hardware and the development of smart community and commercial facilities operation services, and the development of value-added services related to commercial operations such as office buildings	62.5	3,261.4	3,159.6	101.8	On or before 31 December 2022
To upgrade the Group's systems of digitisation and smart management, which include the purchase and upgrading of hardware for building smart terminals and Internet of Things platforms, the construction and development of internal information sharing platforms and databases, the recruitment and development of professional and technical staff and information management teams, and the commencement of R&D for innovative applications related to the Group's business	9.0	469.6	33.9	435.7	On or before 31 December 2022
Working capital and general corporate purpose	10.0	521.8	9.7	512.1	On or before 31 December 2022
Total	100.0	5,218.2	3,304.7	1,913.5	

CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have any significant contingent liabilities.

FOREIGN EXCHANGE RISK

The Group conducts its business in Renminbi. Except for the bank deposits and payables denominated in foreign currencies, the Group was not subject to any significant risk relating to foreign exchange rate fluctuation. The management will continue to keep track of the foreign exchange risk and take prudent measures to mitigate foreign exchange rate risk.

SUBSEQUENT EVENTS

The First Phase Restricted Share Incentive Scheme ("**the Scheme**") and the Initial Grant Proposal have been considered and passed at the first extraordinary general meeting of 2022 held on 18 February 2022. The Scheme shall be valid and effective for a term of ten years. The Scheme aims at (i) improving the corporate governance structure of the Company, establishing and enhancing the common interests of employees, shareholders and the Company as a whole; (ii) establishing benefits and risk sharing mechanisms, avoiding short-term behaviours, promoting the Company's performance improvement and facilitating the long term stable development of the Company; (iii) effectively attracting, retaining and motivating the core staff necessary for the development of the Company, stimulating the morale of employees and reinforcing the talent base for the long-term sustainable development of the Company. Details are set out in the Company's announcements dated 15 November 2021 and 28 January 2022, and circular dated 31 January 2022.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

Non-executive Directors

Mr. Huang Hai (黃海), aged 46, is the chairman of the Board and a non-executive Director. Mr. Huang joined our Group as a Director of our Company on 21 October 2016 and was appointed as the chairman of the Board on 22 April 2019 and a non-executive Director on 7 May 2019. He is the chairman of our nomination committee. Mr. Huang has over 24 years of experience in investment and financing, capital markets and corporate management and amongst which, over 18 years of experience in the real estate industry.

From April 1997 to October 1998, Mr. Huang worked as business manager of the finance department of Shenzhen OUR New Medical Technology Development Co., Ltd. (深圳市奧沃醫學新技術發展有限公司) (previously known as Shenzhen Wofa Medical New Technology Development Co., Ltd. (深圳沃發醫學新技術發展有限公司)), mainly participating in corporate financing related works. From January 1999 to January 2000, Mr. Huang worked as manager of the marketing department of Shantou Branch of Guangzhou Xingda Communication Co., Ltd. (廣州興達通訊有限公司), which has already been revoked, mainly responsible for marketing related works. From March 2000 to December 2002, Mr. Huang worked as manager and securities representative in the securities department of Zhongshan Public Utilities Group Co., Ltd. (中山公用事業集團股份有限公司) (formerly known as Zhongshan Public Utilities Science & Technology Co., Ltd. (中山公用科技股份有限公司)), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000685), responsible for securities related work. Since December 2002, Mr. Huang has been working in Poly Developments and Holdings, with his current position since April 2012, as the secretary of the board and officer of the board of directors, responsible for securities related work, relationship with the investors and capital markets related work. Since July 2016, Mr. Huang has been working as a director of Guangdong Provincial Expressway Development Co., Ltd (廣東省高速公路發展股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000429), responsible for overall corporate and business strategies, as well as making major corporate and operational decisions. Since October 2016, Mr. Huang has been working as a Director of our Group, responsible for formulating our major corporate and business strategies.

Mr. Huang obtained a bachelor's degree in trade and economics from South China Agricultural University (華南農業大學) in July 1997 and a master's degree in business administration from Sun Yat-sen University (中山大學) in December 2006.

Mr. Liu Ping (劉平), aged 53, was appointed as a non-executive Director on 9 October 2020. He is a member of our audit committee. Mr. Liu has successively served as the section chief of a branch of the Guangdong Audit Office (廣東省審計廳), the manager of the planning department, the director of the general manager's office, the assistant to the general manager, the secretary to the board of director, the deputy general manager and the general manager of Poly Developments and Holdings since 1989. He is currently the chairman and a director of Poly Developments and Holdings.

Mr. Liu obtained a bachelor's degree in economics from Sun Yat-sen University in June 1989, and was qualified as a senior auditor in November 1995.

Mr. Hu Zaixin (胡在新), aged 53, is a non-executive Director. Mr. Hu joined our Company in April 2009, he has served as a Director of our Company since 20 April 2009 and was the chairman of the Board between April 2009 and June 2018, and appointed as our non-executive Director on 7 May 2019. He is a member of our audit committee. Mr. Hu has over 12 years of experience in property management.

Mr. Hu has joined Poly Developments and Holdings since July 1998, and is currently a director, the deputy secretary of the committee of the Communist Party of China (黨委副書記) of Poly Developments and Holdings. Mr. Hu successively worked as manager in the sales department, general manager and assistant general manager of the marketing centre, general manager and deputy general manager of the brand management centre of Poly Developments and Holdings.

Mr. Hu obtained a master's degree in economics from Sun Yat-sen University (中山大學) in June 1998. In January 2009, Mr. Hu obtained a doctorate degree in media economics from Communication University of China (中國傳媒大學). Mr. Hu was qualified as an intermediate economist (sales and marketing) in November 2000. Mr. Hu is currently a deputy to the People's Congress of Guangzhou City and a vice president of China Property Management Institute (中國物業管理協會).

Executive Director

Ms. Wu Lanyu (吳蘭玉), aged 42, is an executive Director and the general manager. Ms. Wu joined our Group as a Director on 20 June 2018 and was appointed as our executive Director on 7 May 2019. She is a member of our nomination committee. Ms. Wu has over 14 years of experience in the real estate industry.

Ms. Wu worked as business manager of Poly Developments and Holdings from June 2005 to August 2005, responsible for investment related work. From September 2005 to February 2008, Ms. Wu served as the officer-in-charge of the sales and marketing department of Guangzhou Science City Poly Property Co., Ltd. (廣州科學城保利房地產開發有限公司), which was a subsidiary of Poly Developments and Holdings and deregistered in October 2016, responsible for sales and marketing. From February 2008 to April 2018, Ms. Wu served as assistant general manager and deputy general manager of Poly (Wuhan) Property Co., Ltd. (保利(武漢)房地產開發有限公司), with her last position responsible for sales and marketing, customer services and property management related work. Ms. Wu has been serving as the general manager of our Company since June 2018 with responsibility of overall operation, management, strategy making and business decision making.

Ms. Wu obtained two bachelor's degrees in Management and Law, respectively, from Wuhan University of Technology (武漢理工大學) in June 2003, and a master's degree in Communication Studies from Huazhong University of Science and Technology (華中科技大學) in June 2005. Ms. Wu was qualified as an intermediate economist (economy of real estate) in December 2008.

Independent Non-executive Directors

Mr. Wang Xiaojun (王小軍), aged 67, was appointed as an independent non-executive Director on 7 May 2019. He is the chairman of our remuneration committee, a member of each of our audit committee and nomination committee.

From October 1992 to April 2001, Mr. Wang successively served as an assistant manager in the China Listing Affairs Unit of the Hong Kong Stock Exchange, a solicitor of Richards Butler, an assistant director of Peregrine Capital Limited and a director of ING Barings Securities (Hong Kong) Limited. Mr. Wang had been a partner of Junhe Law Offices. Mr. Wang is currently a principal of WANG & Co. (王小軍律師行) (formerly known as JNJ Partners LLP (王小軍李樂民朱咏思律師行(有限法律責任合夥))). Since August 2004, Mr. Wang has been serving as an independent non-executive director of Wealthking Investments Limited (華科資本有限公司) (formerly known as OP Financial Limited (東英金融有限公司)), whose shares are listed on the Hong Kong Stock Exchange (stock code: 01140). Since March 2013, Mr. Wang has been serving as an independent non-executive director of China Aerospace International Holdings Limited (中國航天國際控股有限公司), whose shares are listed on the Hong Kong Stock Exchange (stock code: 00031). From September 2013 to September 2019, Mr. Wang served as an independent non-executive director of Livzon Pharmaceutical Group Inc. (麗珠醫藥集團股份有限公司), whose shares are listed on the Hong Kong Stock Exchange (stock code: 01513) and the Shenzhen Stock Exchange (stock code: 000513).

Mr. Wang graduated from the First Branch of Renmin University of China (中國人民大學第一分校) (currently known as Beijing Union University (北京聯合大學)) majoring in law in July 1983 and obtained a master's degree in laws from the Graduate School of the Chinese Academy of Social Sciences (中國社會科學院研究生院) (currently part of the University of Chinese Academy of Social Sciences (中國社會科學院大學)) in December 1986. Mr. Wang qualified as a lawyer in the PRC in 1988, and was admitted as a solicitor in Hong Kong in 1995 and was admitted as a solicitor in England and Wales in 1996.

Ms. Tan Yan (譚燕), aged 57, was appointed as an independent non-executive Director on 7 May 2019. She is the chairlady of our audit committee, a member of each of our remuneration committee and our nomination committee.

Ms. Tan has been teaching in Sun Yat-Sen Business School (中山大學管理學院) majoring in accounting. Ms. Tan successively has been teaching assistant, lecturer, associate professor and professor of Sun Yat-Sen Business School (中山大學管理學院) since July 1988. Since July 2019, Ms. Tan has served as an independent director of SGIS Songshan Co., Ltd (廣東韶鋼松山股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000717). Since December 2020, Ms. Tan has been serving as an independent director of China Southern Power Grid Technology Co., Ltd. (南方電網電力科技股份有限公司), whose shares are listed on the Shanghai Stock Exchange (stock code: 688248) since 22 December 2021. From September 2018 to January 2020, Ms. Tan served as an independent director and the chairlady of the audit committee of Guangzhou Yuetai Group Co., Ltd. (廣州粵泰集團股份有限公司), whose shares are listed on the Shanghai Stock Exchange (stock code: 600393). From July 2013 to July 2019, Ms. Tan served as an independent director and the chairlady of the audit committee of Alpha Group (奧飛娛樂股份有限公司) (formerly known as Guangdong Alpha Animation and Culture Co. Ltd. (廣東奧飛動漫文化股份有限公司)), whose shares are listed on the Shenzhen Stock Exchange (stock code: 002292). From January 2014 to January 2018, Ms. Tan served as an independent director and a member of the audit committee of Yihua Healthcare Co., Ltd. (宜華健康醫療股份有限公司) (formerly known as Yihua Real Estate Co., Ltd. (宜華地產股份有限公司)), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000150).

Ms. Tan obtained her bachelor's degree in industrial financial accounting from Hunan Institute of Finance and Economics (湖南財經學院) (currently a part of Hunan University (湖南大學)) in July 1985, and obtained her master's degree in accounting from Renmin University of China in July 1988. In July 2004, Ms. Tan obtained her doctorate degree in accounting from Renmin University of China.

Mr. Wang Peng (王鵬), aged 46, was appointed as an independent non-executive Director on 7 May 2019. He is a member of each of our audit committee, our remuneration committee and our nomination committee.

Since July 2003, Mr. Wang has been serving successively as director of the publicity department, deputy secretary-general, secretary-general and vice president at China Property Management Institute, an industry association of property management enterprises, where he is responsible for administration and management, human resources, financial budgeting and internal management. Mr. Wang served as an independent non-executive director of each of the following companies during each of the following periods respectively: (i) A-Living Smart City Services Co., Ltd. (雅生活智慧城市服務股份有限公司) (formerly known as A-Living Services Co., Ltd. (雅居樂雅生活服務股份有限公司) (stock code: 03319) from August 2017 to January 2022; (ii) CIFI Ever Sunshine Services Group Limited (旭輝永升服務集團有限公司) (formerly known as Ever Sunshine Lifestyle Services Group Limited (永升生活服務集團有限公司)) (stock code: 01995) from November 2018 to December 2021; and (iii) Xinyuan Property Management Service (Cayman) Ltd. (鑫苑物業服務集團有限公司) (stock code: 01895) from October 2019 to April 2021, whose shares are all listed on the Hong Kong Stock Exchange.

Mr. Wang obtained his executive master of business administration (EMBA) from Hebei University of Technology (河北工業大學) in January 2015.

The biography of Mr. Wang as disclosed above and his relevant information and confirmation as disclosed in this annual report are based on his confirmation during the interim period of 2021 and public information. Up to the date of this annual report, the Company is not aware of the latest status of the biographical details of Mr. Wang due to the inability to contact him. The Board of the Company has considered the proposed removal of duties of Mr. Wang as an independent non-executive Director on 15 March 2022, and is subject to the consideration and approval in the shareholders' general meeting.

SUPERVISORS

Ms. Liu Huiyan (劉慧妍), aged 50, was appointed as the chairlady of the supervisory committee of the Company ("**Supervisory Committee**") in October 2016. Ms. Liu joined our Group in March 1999 and rejoined our Group in November 2011 and has been serving as a supervisor of the Company ("**Supervisor**") since 15 November 2011.

Ms. Liu has more than 25 years of experience in financial management related fields. From February 1996 to February 1999, Ms. Liu worked as a business manager in the finance department of Poly Developments and Holdings, responsible for financial accounting and analysis. From March 1999 to January 2009, Ms. Liu successively served as manager of the finance department, assistant to general manager and chief financial officer of our Company, mainly responsible for financial management. From January 2009 to January 2010, Ms. Liu served as the chief financial officer of Fuli Construction Holdings Co., Ltd. (富利建設集團有限公司) (formerly known as Guangzhou Fuli Construction and Installation Engineering Co., Ltd. (廣州富利建築安裝工程公司)), responsible for financial management. From February 2010 to January 2011, Ms. Liu served as the chief financial officer of Guangzhou Pazhou Investment Co., Ltd. (廣州市琶洲投資有限公司), responsible for financial management. From January 2011 to December 2021, Ms. Liu successively served as the deputy general manager and general manager of auditing management centre of Poly Developments and Holdings. From December 2021 to date, Ms. Liu has been serving as the general manager of Fuli Construction Holdings Co., Ltd., responsible for the operation management.

Ms. Liu obtained her bachelor's degree in economics from Guangdong Commercial College (廣東商學院) (currently known as Guangdong University of Finance and Economics (廣東財經大學)) in June 1994. She was qualified as an accountant in the PRC in December 2002.

Ms. Zhong Yu (鍾妤), aged 49, was appointed as a Supervisor of our Company on 21 October 2016. Ms. Zhong joined our Group in July 2007.

Ms. Zhong has over 14 years of experience in financial fields. From July 2007 to March 2017, Ms. Zhong successively served as manager in the finance department of the property management services centre, senior manager of the finance management centre, deputy manager of the budget management department of the finance management centre, assistant general manager of the operation expansion centre and assistant general manager of the auditing management centre of Poly International Square of our Company, mainly responsible for the budget management, internal control and auditing. Since March 2017, Ms. Zhong has been serving as the chief financial officer of Guangzhou Poly Commercial Property and Development Co., Ltd. (廣州保利商業物業發展有限公司), responsible for financial management.

Ms. Zhong obtained her bachelor's degree in economy from Wuhan University (武漢大學) in July 1995. She was qualified as an intermediate accountant in the PRC in May 2002.

Ms. Mu Jing (穆靜), aged 39, was appointed as an employee representative Supervisor of our Company on 27 August 2020. Ms. Mu joined our Company in March 2016. Ms. Mu successively served as the deputy manager and manager of the administrative office and the manager of the market development department under the public service centre of the Company. She is currently the manager of the cooperation and development department under the market development center of the Company.

Ms. Mu obtained a bachelor's degree in law from Hengyang Normal University in June 2011, and was qualified as a level 1 human resources professional in September 2013 and level 2 psychological counsellor in March 2018.

SENIOR MANAGEMENT

Ms. Zhao Guangfeng (趙廣峰), aged 48, is a deputy general manager of our Company. Ms. Zhao joined our Group in March 2002 and was appointed as a deputy general manager in January 2008.

Ms. Zhao has over approximately 20 years of experience in property management fields. From April 2001 to August 2001, Ms. Zhao worked as the chief officer of the supervision department of Guangdong Zhugang Property Management Co., Ltd. (廣東珠港物業管理有限公司), responsible for business supervision. From October 2001 to March 2002, Ms. Zhao worked as a manager in the administrative department of Guangzhou Ourchem Information Consulting Technology Co., Ltd. (廣州奧凱資訊科技有限公司) (currently known as Guangzhou Ourchem Information Consulting Co., Ltd. (廣州奧凱信息諮詢有限公司)), responsible for administrative management. From March 2002 to January 2008, Ms. Zhao served as the assistant to general manager of the Company, and the assistant manager of the human resources department, responsible for property management and human resources related works.

Ms. Zhao obtained her bachelor degree majoring in agriculture from Heilongjiang Bayi Agricultural University (黑龍江八一農墾大學) in July 1996. Ms. Zhao was qualified as a property manager in December 2005.

Mr. Liu Baoyu (劉寶裕), aged 49, is a deputy general manager of our Company. Mr. Liu joined our Group in March 2007 and was appointed as a deputy general manager in January 2012.

Mr. Liu has over 19 years of experience in property management fields. From July 2000 to July 2003, Mr. Liu worked as a project manager of Guangdong Kangjing Property Services Co., Ltd. (廣東康景物業服務有限公司), responsible for property management related work. Mr. Liu served as a deputy general manager of Guangzhou Huaqiao Property Development Co., Ltd. (廣州市華僑物業發展有限公司) with responsibility for property management related work from July 2003 to May 2005. From March 2007 to January 2012, Mr. Liu successively served as a deputy manager of the business department and the general manager of the quality management centre of the Company, mainly responsible for property management and quality control.

Mr. Liu obtained his bachelor's degree in philosophy from Sun Yat-sen University (中山大學) in June 1994. Mr. Liu was also qualified as an intermediate economist (real-estate economy) in November 1998 and as a property manager in October 2000.

Mr. Zou Fushun (鄒福順), aged 44, is a deputy general manager of our Company. Mr. Zou joined our Group in January 2017 and has been serving as a deputy general manager since then.

Mr. Zou has approximately 17 years of experience in administration and management. From May 2004 to January 2012, Mr. Zou successively worked in China Poly Group Corporation Limited ("**China Poly Group**") as an assistant manager in the comprehensive affairs department, responsible for administrative affairs, and a manager in the working department for party and the masses, responsible for the work related with construction of relationship with party and masses. From January 2012 to January 2017, Mr. Zou worked as a deputy general manager of Poly (Chongqing) Investment Industry Co., Ltd. (保利(重慶)投資實業有限公司), responsible for administrative affairs and human resources, assets and property management related works.

Mr. Zou obtained his double bachelor's degree majoring in ethical and political education and in social work from the China Youth University of Political Studies (中國青年政治學院) (currently part of the University of Chinese Academy of Social Sciences (中國社會科學院大學)) in July 2002 and July 2004, respectively.

Ms. Yang Yang (楊楊), aged 44, is the chief financial officer of our Company. Ms. Yang joined our Group in June 2018 and was appointed as the chief financial officer in June 2018.

Ms. Yang has more than 15 years of experience in financial management fields. From July 2006 to February 2010, Ms. Yang worked as an accountant in Poly Developments and Holdings, responsible for financial accounting. From February 2010 to May 2014, Ms. Yang served as a finance manager of Poly Southern China Industry Co., Ltd. (保利華南實業有限公司), responsible for financial accounting and financing analysis. From May 2014 to April 2017, Ms. Yang served as the chief financial officer of Anhui Poly Property Development Co., Ltd. (安徽保利房地產開發有限公司), responsible for financial management. From May 2017 to May 2018, Ms. Yang served as the chief accountant of Poly Licheng Co., Ltd. (保利裏城有限公司), responsible for financial auditing and accounting. Ms. Yang was appointed as secretary of the Board and joint company secretary from April 2019 to February 2020, and was mainly responsible for company secretarial matters.

Ms. Yang obtained her bachelor's degree majoring in accounting from adult education school of the Renmin University of the PRC in January 2005. Ms. Yang was also qualified as a senior accountant in April 2013.

Mr. Yang Wenbo (楊文波), aged 47, is a deputy general manager of our Company. Mr. Yang joined our Group in January 2015 and was appointed as a deputy general manager in July 2018.

Mr. Yang has approximately 16 years of experience in engineering and approximately 7 years of experience in property management fields. Mr. Yang worked as an assistant engineer between July 1997 and December 2003 and an engineer between December 2003 and December 2013 in the People's Liberation Army Air Force. From January 2015 to July 2018, Mr. Yang served as a deputy chief engineer of our Company, mainly responsible for property management.

Mr. Yang obtained his bachelor's degree in aircraft engine engineering from Air Force Engineering College (空軍工程學院) (currently known as Air Force Engineering University (空軍工程大學)) in July 1996 and his master's degree in management science and engineering from Air Force Engineering College (空軍工程學院) in July 2007. Mr. Yang was qualified as an engineer in December 2003.

Mr. Yin Chao (尹超), aged 37, is the secretary of the Board and joint company secretary of the Company. Mr. Yin joined the Company in 2020.

Mr. Yin has more than 14 years of extensive experience in securities affairs, investor relations and capital operation. From 2007 to January 2020, Mr. Yin worked at Poly Developments and Holdings and successively served as business manager of the financial management center; business manager, senior manager, department deputy manager, department manager of the securities department of the office of the board of directors; assistant general manager of the office of the board of directors and representative of securities affairs of Poly Developments and Holdings.

Mr. Yin obtained a bachelor's degree in management from Sun Yat-sen University (中山大學) in 2007. Mr. Yin was qualified as a secretary of the board of directors by the Shanghai Stock Exchange in 2008.

Mr. Jin Qin (靳勤), aged 43, is a deputy general manager of the Company. Mr. Jin joined our Group in August 2009 and was appointed as a deputy general manager in March 2020.

Mr. Jin has approximately 13 years of experience in the property management sector. From March 2005 to July 2009, Mr. Jin served as a senior manager at Shanghai Poly Real Estate Development Co., Ltd. (上海保利房地產開發有限公司). From August 2009 to July 2018, Mr. Jin served as a deputy general manager and the general manager of the Shanghai branch of the Company. From July 2018 to February 2020, Mr. Jin served as an assistant general manager of the Company.

Mr. Jin obtained an EMBA from Shanghai University of Finance and Economics (上海財經大學) in June 2018 and was qualified as an intermediate engineer in June 2009 and a registered property management manager in September 2012.

JOINT COMPANY SECRETARIES

Mr. Yin Chao (尹超), aged 37, was appointed as the joint company secretary of the Company in February 2020. For details of the biography of Mr. Yin, please refer to "Senior Management" in this section.

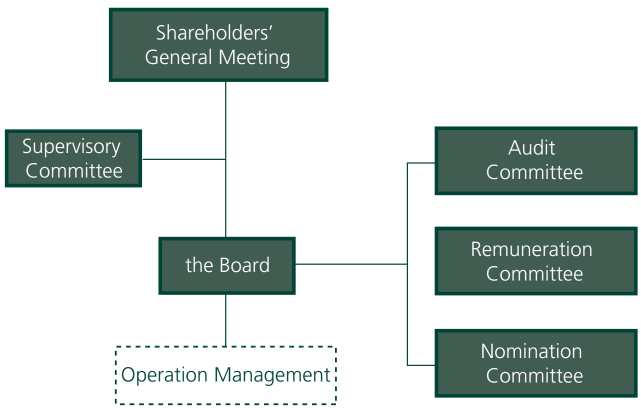
Mr. Lau Kwok Yin (劉國賢), aged 36, was appointed as the joint company secretary of the Company in July 2019. Mr. Lau is an assistance vice president of SWCS Corporate Services Group (Hong Kong) Limited. He has over 12 years of experience in corporate secretarial services, finance and banking operations. He holds a bachelor's degree in business administration (accounting and finance) from the University of Hong Kong, and is a member of the Hong Kong Institute of Certified Public Accountants, a Chartered Financial Analyst charterholder, and a fellow of each of The Chartered Governance Institute and The Hong Kong Chartered Governance Institute.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE STRUCTURE

The Board of the Company is committed to maintaining a high level of corporate governance and believes that good corporate governance is critical to the sustainable development and stable business growth of the Company. Sound corporate governance is put in place to safeguard the interests of shareholders and enhance corporate value.

A clear governance structure has been established by the shareholders' general meeting, the Supervisory Committee, the Board and all Board committees of the Company in accordance with the relevant laws, the articles of association of the Company (the "**Articles of Association**") and their respective terms of reference. The Board and the three Board committees will discharge their respective duties and responsibilities and coordinate with each other with effective supervision to continuously improve the corporate governance level of the Company and form a sound corporate governance structure, through which the Company has ensured its standardised operation in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").



Since 19 December 2019, the Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules. The Company abided by the applicable principles and code provisions during the year ended 31 December 2021.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct governing the dealings in securities by the Directors and Supervisors of the Company.

Specific enquiry has been made of all the Directors and Supervisors and they confirmed (except for the inability to contact Mr. Wang Peng) that they have complied with the relevant securities dealing code during the year ended 31 December 2021.

THE BOARD

The Board is accountable to the shareholders' general meeting and is responsible for managing the Group as a whole by formulating the Group's business and management strategies and development direction as well as supervising and controlling operations and financial performance in order to maximise long-term shareholder value. The responsibilities of the Board include but are not limited to: (i) convening shareholders' general meetings and submitting work reports to such meetings; (ii) implementing the resolutions of shareholders' general meetings; (iii) deciding on the Company's operation plan and investment scheme; (iv) preparing the Company's financial budget and final accounts; (v) determining the establishment of the Company's internal management organisations and basic management system; (vi) appointing or removing senior management members and determining their remunerations; and (vii) exercising other responsibilities and powers conferred by relevant laws, regulations and the Articles of Association. The Board delegates certain functions to the management of the Group, and the management is mainly responsible for the implementation of the business plans, strategies and policies adopted by the Board and delegated to it from time to time.

Composition of the Board

Details of the Board composition for the year ended 31 December 2021 and up to the date of this report are as follows:

Non-executive Directors

Mr. Huang Hai (Chairman)
Mr. Liu Ping
Mr. Hu Zaixin

Executive Director

Ms. Wu Lanyu (General Manager)

Independent Non-executive Directors

Mr. Wang Xiaojun
Ms. Tan Yan
Mr. Wang Peng

The biographical details of the Directors are set out in the section headed "Directors, Supervisors and Senior Management" in this annual report. None of the members of the Board has any relationship with any other Director, Supervisor and senior management, including financial, business, family or other material or relevant relationship(s).

Chairman and General Manager

Code provision A.2.1 of the CG Code requires that the roles of the chairman and the chief executive should be separated and should not be performed by the same individual. The Company supports the division of responsibility between the chairman and the general manager in order to ensure a balance of power and authority and preserve a balanced judgment of views. For the year ended 31 December 2021, Mr. Huang Hai served as the chairman of the Board of the Company and Ms. Wu Lanyu served as the general manager of the Company. The chairman of the Board presides the Board and gives strategic development advice to the Group. The general manager, who is accountable to the Board, guides the operation management of the Group and is responsible for formulating and implementing the development strategies of the Group, determining business objectives and operational management, and ensuring that the Company has established sound corporate governance practices and procedures.

Independent Non-executive Directors

Independent non-executive Directors play a significant role in the Board by virtue of their independent judgement and their views which carry significant weight in the Board's decisions. Their extensive experience significantly contributed to enhance the decision-making of the Board and achieve a sustainable and balanced development of the Group.

For the year ended 31 December 2021, the Board abided by Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors to represent at least one-third of the Board and Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors, with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his or her independence as set out in Rule 3.13 of the Listing Rules (except for the inability to contact Mr. Wang Peng). The Company is of the view that all independent non-executive Directors are independent.

Appointment and Re-election of Directors

Code provision A.4.1 of the CG Code stipulates that non-executive directors shall be appointed for a specific term, subject to re-election. Each of the non-executive Directors of the Company has a term of three years or until the expiration of the term of the second session of the Board (22 October 2022).

Code provision A.4.2 of the CG Code states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first shareholders' general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the Directors of the Company is engaged for a term of three years or for a term until the expiration of the term of the second session of the Board (22 October 2022). When the Directors' terms expire and re-elections are not held in time, the original Directors shall still perform their duties as Directors in accordance with the laws, administrative regulations, departmental rules and the Articles of Association before the newly elected Directors take office. Their re-elections shall be subject to the provisions of the Articles of Association.

Nomination Policy

The Company approved the adoption of the relevant nomination policy on 29 November 2019. The nomination committee identifies candidates suitably qualified to become Board members and selects or makes recommendations to the Board on candidates to be nominated for Directors in order to ensure that the Board members possess the skills, experience and diversified perspectives necessary for the business of the Company. The nomination committee will consider the following factors in assessing a candidate, including but not limited to requirements of the Articles of Association, skills, experience and expertise, diversity, commitment, standing and independence.

The procedures for nomination of the Directors of the Company are as follows:

(i) Subject to the number of Board members specified in the Articles of Association, people who have the right of nomination may propose candidate(s) for the intended number of Directors to be elected.

(ii) For the purpose of nomination, the chairman of the nomination committee shall convene a meeting of the nomination committee and invite the Board members to provide a name list, if any, to the nomination committee for consideration prior to such meeting. The nomination committee may also put forward candidates who are not nominated by Board members.

(iii) The nomination committee will conduct a preliminary review on the appointment qualification and condition of the candidates for Directors and the eligible candidates will be reviewed by the Board; upon consideration and approval by the Board, a written proposal regarding the candidates for Directors will be put forward to the shareholders' general meeting; the nomination committee or any other organisation authorised by the Board is responsible for the specific matters related to the election of Directors.

(iv) In order to provide particulars of the candidates nominated by the Board to stand for election at the shareholders' general meeting and invite shareholders to nominate candidates, the Company will dispatch to its shareholders a circular on which the deadline for shareholders to submit nomination will be specified. Particulars of the candidates will be set out in the circular to be dispatched to the shareholders in accordance with the applicable laws, rules and regulations.

(v) Until the issue of the shareholder circular, the nominees shall not assume that they have been recommended by the Board to stand for election at the shareholders' general meeting.

DIVERSITY

Board Diversity Policy

The Board of the Company approved the adoption of the Board Diversity Policy, which includes the objectives and the factors to be considered in achieving board diversity. The Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and maintaining its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to professional qualifications and industry experience, gender, age, cultural and educational background and length of service. Final decision will be made based on the contributions that the nominees may provide to the Board.

An analysis of the Board composition as at 31 December 2021 is set out in the following charts:

A Professional qualifications and industry experience

Directors	Role	Professional qualifications and industry experience
Mr. Huang Hai	Non-executive Director	Investment and financing, capital operation, real estate development and sale, property management, corporate governance
Mr. Liu Ping	Non-executive Director	Real estate development and sale, investment and financing, capital operation, property management, corporate governance
Mr. Hu Zaixin	Non-executive Director	Real estate development and sale, property management, corporate governance
Ms. Wu Lanyu	Executive Director	Property management, real estate development and sale, corporate governance
Mr. Wang Xiaojun	Independent non-executive Director	Legal expert
Ms. Tan Yan	Independent non-executive Director	Financial and accounting expert
Mr. Wang Peng	Independent non-executive Director	Property expert

B Age

Age group	Aged below 50	Aged 51–55	Aged 56–60	Aged 61 and above
Number of Directors	3	2	1	1

C Gender

Gender group	Male	Female
Number of Directors	5	2

D Length of service of Directors

Length of service	1 to 3 years	4 to 10 years	11 years and above
Number of Directors	5	1	1

As at 31 December 2021, female members accounted for 28.57% of the composition of the Board. In view of the above, the nomination committee considers that the Company has strictly implemented the "Board Diversity Policy". Members of the Board of the Company are of the view that the composition of the Board is in line with the diversity policy in terms of gender, age, professional qualification, skills and knowledge. The nomination committee will review the relevant policy on an annual basis to ensure its effectiveness and make recommendation to the Board on any amendments to the policy as and when necessary.

Diversity of Staff and Senior Management

The Group has established and continued to improve our employment system, to offer equal employment opportunities for all kinds of talents, as well as continuing training programmes and career development opportunities for our staff (for details, please refer to the 2021 Environmental, Social and Governance Report of the Company). At the same time, the Company strives to establish a gender-balanced management team. As at 31 December 2021, female members accounted for 28.57% of the total number of Senior Management. An analysis of composition of the employees and senior management as at 31 December 2021 is set out in the following charts:

A Age

Age Group	Aged Below 30	Aged 31–50	Aged 51 and above
Proportion of employees	38.67%	50.57%	10.76%

Age Group	Aged Below 40	Aged 41–45	Aged 46 and above
Number of senior management	1	3	3

B Gender

Gender Group	Male	Female
Proportion of employees	60.17%	39.83%
Number of senior management	5	2

BOARD COMMITTEES

The Company has established three Board committees, namely the audit committee, the remuneration committee and the nomination committee. The Board committees of the Company are established with specific written terms which state clearly their authority and duties. The terms of reference of each of the Board committees are posted on the website of the Company (www.polywuye.com) and the designated website of the Hong Kong Stock Exchange (www.hkexnews.hk).

Audit Committee

Our audit committee comprises five members, namely Ms. Tan Yan (independent non-executive Director), Mr. Liu Ping (non-executive Director), Mr. Hu Zaixin (non-executive Director), Mr. Wang Xiaojun (independent non-executive Director) and Mr. Wang Peng (independent non-executive Director). Ms. Tan Yan is the chairlady of our audit committee.

The responsibilities of our audit committee include but not limited to:

— making recommendations to the Board on the appointment, re-appointment and removal of the external auditor;

— reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

— reviewing the Company's financial information;

— monitoring the integrity of the Company's financial statements, annual reports and accounts and half-year reports and reviewing significant financial reporting judgments contained therein; and

— overseeing the Company's financial reporting system, risk management and internal control systems.

For the year ended 31 December 2021, the audit committee held seven meetings, with major works including: (i) reviewing and discussing the annual audit scheme; (ii) reviewing and discussing the 2020 financial report and 2021 interim financial report; (iii) considering and proposing to the Board the engagement of independent external auditor; (iv) reviewing and discussing the continuing connected transactions of the Group; and (v) reviewing and discussing the internal control report, and reviewing the risk management and internal control systems of the Group. Please refer to the section headed "Meetings of the Board and the Board Committees" below for the attendance records of the members of the audit committee.

Remuneration Committee

Our remuneration committee comprises three members, namely Mr. Wang Xiaojun (independent non-executive Director), Ms. Tan Yan (independent non-executive Director) and Mr. Wang Peng (independent non-executive Director). Mr. Wang Xiaojun is the chairman of the remuneration committee.

The responsibilities of our remuneration committee include but not limited to:

— examining the remuneration policy and structure for Directors and senior management and making recommendations to the Board on the establishment of a formal and transparent procedure for developing remuneration policy;

— reviewing and approving the management's remuneration proposals with reference to the corporate goals and objectives established by the Board; and

— monitoring the implementation of the remuneration policy for Directors and senior management.

For the year ended 31 December 2021, the remuneration committee held two meetings, and reviewed and fulfilled the above duties together with matters including (i) the remuneration of Directors, Supervisors and senior management; and (ii) the First Phase Restricted Share Incentive Scheme and the Initial Grant Proposal. Please refer to the section headed "Meetings of the Board and the Board Committees" below for the attendance records of the members of the remuneration committee.

Nomination Committee

Our nomination committee comprises five members, namely Mr. Huang Hai (non-executive Director), Ms. Wu Lanyu (executive Director), Mr. Wang Xiaojun (independent non-executive Director), Ms. Tan Yan (independent non-executive Director) and Mr. Wang Peng (independent non-executive Director). Mr. Huang Hai is the chairman of our nomination committee.

The responsibilities of our nomination committee include but not limited to:

— reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the corporate strategy;

— identifying individuals suitably qualified to become Directors and selecting or making recommendations to the Board on the selection of individuals nominated for Directors;

— assessing the independence of independent non-executive Directors;

— making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman, chief executive and general manager;

— reviewing the Board diversity policy and any measurable objectives set by the Board for the Board diversity policy from time to time, and progress of achieving those objectives; and

— reviewing the nomination procedures and the criteria to select and recommend candidates for Directors.

For the year ended 31 December 2021 the nomination committee held one meeting, and reviewed and fulfilled the above duties together with matters including the (i) annual review of the structure of the Board and implementation of its diversity policy; and (ii) annual assessment of the independence of the independent non-executive Directors. Please refer to the section headed “Meetings of the Board and the Board Committees” below for the attendance records of the members of the nomination committee.

Meetings of the Board and the Board Committees

The Board shall conduct at least four regular meetings each year, which are to be convened by the Chairman of the Board. All Directors, Supervisors and the general manager are given not less than fourteen days’ notice for regular Board meetings. For other Board and Board committee meetings, reasonable notice will be given.

The secretary of the Board is responsible for collecting proposals of the meetings and reviewing the form of such proposals, and then turning them into formal resolutions.

In accordance with the second part of code provision C.5.8 of the CG Code, for regular board meetings, and as far as practicable in all other cases, an agenda and accompanying board papers should be sent, in full, to all directors. These should be sent in a timely manner and at least three days before the intended date of a board or board committee meeting (or other agreed period).

The following table sets out the attendance of each of our Directors at the meetings of the Board and the Board committees and shareholder's general meetings during the year:

	Number of meetings attended/convened				
Directors	**Board meeting**	**Audit committee meeting**	**Remuneration committee meeting**	**Nomination committee meeting**	**Shareholders' general meeting**
Mr. Huang Hai	7/7	N/A	N/A	1/1	3/3
Mr. Liu Ping	7/7	7/7	N/A	N/A	0/3
Mr. Hu Zaixin	7/7	7/7	N/A	N/A	0/3
Ms. Wu Lanyu	7/7	N/A	N/A	1/1	3/3
Mr. Wang Xiaojun	7/7	7/7	2/2	1/1	3/3
Ms. Tan Yan	7/7	7/7	2/2	1/1	3/3
Mr. Wang Peng	4/7	5/7	1/2	1/1	0/3

Directors' Training and Development

Directors' training is conducted on an ongoing basis. The Company provides training and information to each of the Directors to ensure that the Directors have adequate understanding of the operation and business of the Group and to strengthen their awareness of the duties and responsibilities of their respective roles under the Listing Rules and the relevant statutory requirements. Continuous training allows the Directors to keep abreast of the existing trends and important issues faced by the Group and enables the Directors to update their knowledge and skills necessary for the performance of their duties. The Company will invite external experts to share professional knowledge in a timely manner so that the Directors could learn more about the recent market trends and development.

During the year ended 31 December 2021, all Directors had been provided with trainings regarding standardised governance of a listed company, duties and responsibilities of a Director, connected transactions, management and disclosure of insider information, and relevant laws and regulations applicable to the Directors, and had read materials concerning the Company's business and the authority and duties of a Director.

The following table sets forth the training received by the Directors during the year:

Directors	Continuing professional training	Reading materials related to regulation and governance (newspaper, publication or information)
Mr. Huang Hai	Yes	Yes
Mr. Liu Ping	Yes	Yes
Mr. Hu Zaixin	Yes	Yes
Ms. Wu Lanyu	Yes	Yes
Mr. Wang Xiaojun	Yes	Yes
Ms. Tan Yan	Yes	Yes
Mr. Wang Peng	Yes	Yes

Emolument of Senior Management

For the year ended 31 December 2021, the emolument bands of the senior management of the Company (excluding the Directors) are as follows:

Emolument bands (RMB)	Number
1-1,500,000	1
1,500,001-2,000,000	5
2,000,001 and above	1

CORPORATE GOVERNANCE FUNCTIONS

The audit committee undertakes the daily operation of the Company's corporate governance functions, which include but are not limited to: (i) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; (ii) reviewing and monitoring the training and continuous professional development of the Directors and senior management; (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and (v) reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is of the view that effective risk management and internal control are integral and indispensable to the Group's achievement of long-term business growth and sustainable development. The purpose of establishing the risk management and internal control framework is to manage and mitigate the Group's exposure to business risks to the extent acceptable, rather than to eliminate the risk of failure to achieve business objectives, and to be able to only provide reasonable and not absolute assurance against material misstatement or loss.

The Group adopts multi-layer management for its comprehensive risk management works. Such framework includes the Board, audit committee, operation management of the Group, management at the headquarters of the Group and its subsidiaries, and auditing management centre.

— **The Board (the decision-making level)** guides the Group's comprehensive risk management works and is the ultimate decision-making body regarding the major risks arising from the comprehensive risk management. It is responsible for evaluating and determining the nature and level of risks that the Group is willing to accept for achieving its strategic objectives, and ensuring that the Group establishes and maintains suitable and effective risk management and internal control systems. It is held accountable for the effectiveness of the comprehensive risk management.

— **Audit Committee (the decision-making level)** is responsible for overseeing the risk management system and internal control system of the Group and discussing with the management about the risk management and internal control systems to ensure that the management have performed their duties to establish effective systems.

— **Operation Management of the Group (the leading level)** makes decision over general risk management matters and conducts preliminary review on material risk management matters under the authorisation of the Board.

— **Management at the Headquarters of the Group and its Subsidiaries (the implementation level)** is responsible for the identification, evaluation, report analysis and handling work for comprehensive risk management, with specific actions to be taken by the risk control department of the Company; is responsible for pushing forward and implementing specific risk management measures, monitoring various risks of the business, and promptly reporting risk information to the operation management at the Group's headquarters.

— **Auditing Management Centre (the supervision level)** is responsible for establishing a sound supervision and evaluation system of comprehensive risk management, formulating a supervision and evaluation system for each of the Group's centers and subsidiaries to facilitate supervision and evaluation, issuing supervision and evaluation audit reports and arranging inspection and audit in respect of the internal control system, and conducting independence assessment through internal audit.

The Group has updated and adopted various policies relating to risk management and internal control in time, pursuant to the organisation structural adjustment in 2021, with the aim to further standardise the procedures for risk management and internal control. The detailed process is set out in the figure below.

Risk Management and Internal Control of the Company for the Year

The Group improved its comprehensive risk management system. Pursuant to the "14th Five-Year Plan" strategy of the Company, the Group improved the "Three Lines of Defence" for risk management (「三道防線」), and identified probity risk and integrated compliance risk in addition to the basis of the five major risk categories of SASAC (strategic risk, market risk, financial risk, legal risk, operation risk), to realise the integration of management systems of risk, internal control, compliance, probity, etc. The Group has further updated its process framework and list of risks, adopted a systematic evaluation to review the changes of nature and extent of major risks, identified material risks exposed, streamlined the current condition of risk control and the next response measures and key risk management programmes. A series of control activities were implemented through the formulation of various measures in order to mitigate the potential effect of risk under its control, and reported to the Board and the audit committee.

During 2021, in order to standardise its internal operation and management of and prevent operational risk, the Company continued to optimise its internal control system with reference to the requirements under the "Basic Standards for Corporate Internal Control" and the complementary guidelines thereof and revised the "Application Manual for Internal Control" and "Evaluation Manual for Internal Control". From November to December 2021, the Company carried out a management review on 27 level-one platform companies whose design and operation of policies were reviewed. Through online and offline reviews by the headquarters, the Company inspected the internal control of local branches, identify risks arising from operation, organised the implementation of rectification tasks, divided the rectification tasks, assigned responsible missions and formulated rectification measures at the design and implementation stages. In addition, in accordance with the relevant requirements under the "Basic Standards for Corporate Internal Control", the Company conducted internal control compliance tests. A self-evaluation on internal control was conducted in 2021 which covered the accounting year of 2021 in order to comprehensively evaluate the design and operation of the internal control and evaluate the control over key areas for the purpose of identifying and preventing operational risk. The Company completed the 2021 internal control self-evaluation work in December 2021 and considered that the risks arising from its operation and management activities have been effectively controlled.

The internal control for the year was reviewed by the audit committee. The Board, through the audit committee, has reviewed the special reports and is of the view that the risk management and internal control systems and procedures of the Group for the year ended 31 December 2021 were effective and adequate, and the Board will continue to strengthen its corporate risk management framework and the procedures and implementation of risk control.

Procedures for Handling and Dissemination of Inside Information

The Company has adopted the inside information policy in accordance with the Securities and Futures Ordinance (the "**SFO**") and the Listing Rules to make the relevant information disclosure on a timely basis. For information that is difficult to keep confidential, the Company will make disclosure to the public as soon as practicable to effectively safeguard the interests of investors and stakeholders.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2021 in order to give a true and fair view of the affairs of the Company and the Group and results and cash flows of the Group.

The operation management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

The Directors are not aware of any material uncertainties which may cast significant doubt upon the Group's ability to continue as a going concern. The statement by the auditor of the Company regarding its reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report in this annual report.

REMUNERATION OF AUDITOR

For the year ended 31 December 2021, the remuneration paid by the Company to the auditor in respect of audit and non-audit services during the year amounted to RMB2.99 million. Specific analysis is set out as follows:

Services Provided By Auditor	Amount RMB million
— Professional Review Services for 2021 Interim Financial Report	0.45
— Professional Annual Audit Services for 2021 Financial Statement	2.46
— Non-audit Services	0.08

JOINT COMPANY SECRETARIES

Both Mr. Yin Chao, the secretary of the Board of the Company, and Mr. Lau Kwok Yin of SWCS Corporate Services Group (Hong Kong) Limited, which is an external service provider, serve as the joint company secretaries of the Company. During the reporting period, the main contact person of Mr. Lau in the Company is Mr. Yin. Mr. Yin and Mr. Lau had participated in no less than 15 hours of relevant professional training for the year ended 31 December 2021.

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, separate resolution should be proposed for each significant issue at shareholders' general meetings, including the election of individual Director. All resolutions put forward at shareholders' general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the website of the Company and the designated website of the Hong Kong Stock Exchange after each shareholders' general meeting.

Convening of the Extraordinary General Meeting

Shareholders individually or jointly holding 10% or more of the shares carrying voting rights at the meeting sought to be held may sign one or more written requests of identical form of content requesting the Board to convene an extraordinary general meeting or a class meeting and stating the subject of the meeting. If the Board fails to issue a notice of convening such meeting within 30 days upon receipt of the above written request, the shareholders who made such request may request the Supervisory Committee to convene the extraordinary general meeting. If the Supervisory Committee fails to issue a notice of convening such meeting within 30 days upon receipt of the above written request, shareholders, for more than 90 consecutive days, individually or jointly holding 10% or more of the shares carrying voting rights at the meeting sought to be held, may convene the meeting of their own accord within four months upon the Board of Directors having received such request. The convening procedures shall, to the greatest extent possible, be identical to procedures according to which shareholders' general meetings are to be convened by the Board. All reasonable expenses incurred for such meetings convened by the shareholders as a result of the failure of the Board and the Supervisory Committee to convene a meeting at the above requests shall be borne by the Company.

Putting Forward Resolutions at Shareholders' General Meetings

Shareholders who individually or jointly hold 3% or more of the shares of the Company carrying voting right, shall be entitled to make proposals in writing to the Company and the convener ten days before the convening of the shareholders' general meeting. The content of the proposal shall fall within the scope of duties and powers of shareholders' general meeting, with clear issues and specific resolutions, and comply with the relevant provisions of laws and regulations and the Articles of Association. The Company shall make the matters within the scope of duties and powers of the shareholders' general meeting listed in the agenda of this meeting and submit the matters to the shareholders' general meeting for consideration. Shareholders may send written advices to the Company by the following means:

Address: Poly Property Services Co., Ltd.
Rooms 201–208, No. 688 Yue Jiang Zhong Road, Hai Zhu District, Guangzhou, Guangdong Province, the PRC
Email: stock@polywuye.com

Enquires to the Board

The Company maintains a website (www.polywuye.com) where information on the Group's businesses and projects, key corporate governance policies and announcements, financial reports and other information are available for public access. Shareholders and investors may send written enquiries or requests to the Company by the following means:

Address: Poly Property Services Co., Ltd.
Rooms 201–208, No. 688 Yue Jiang Zhong Road, Hai Zhu District, Guangzhou, Guangdong Province, the PRC
Tel: (86) 20 8989 9959
Email: stock@polywuye.com

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Board of the Company has approved the adoption of the Shareholder Communication Policy. The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company has established various and a wide range of communication channels with shareholders. These include shareholders' general meetings, annual results and interim results, annual reports and interim reports, announcements and circulars and results announcement. In addition, the Company updates its website from time to time to keep the shareholders updated of the latest information of Company's recent development. The Company endeavours to maintain an ongoing dialogue with shareholders. At the annual general meeting, the Directors (or their delegates as appropriate) are available to meet with the shareholders and answer their enquiries.

For the year ended 31 December 2021, the Company has strictly implemented the Shareholders Communication Policy in accordance with relevant requirements by conducting multi-channel communications with shareholders and investors through various methods, including the issuance of communication documents (such as announcements and regular reports), updating the Company website, and convening results announcements, investors' conferences and shareholders' meetings, etc. In view of the above, the Company has reviewed the implementation and effectiveness of the Shareholders Communication Policy, and considered the policy effective.

DIVIDEND POLICY

The Company approved the adoption of the relevant dividend policy on 29 November 2019. The Company's dividend policy allows the shareholders to share the Company's profits and retains sufficient reserves for the Company's future development. Subject to the shareholders' approval and relevant laws, the Company shall pay annual dividends to the shareholders if there is stable profit and a stable operating environment of the Company and no significant investment or capital contribution is made by the Group. The Board may from time to time distribute to the shareholders interim dividends. In addition, the Board may declare special dividends as and when it deems appropriate.

For details of the dividend distribution for the year ended 31 December 2021, see "Results and Appropriations" in the "Report of the Board of Directors".

The Board is not aware that any shareholder has waived or agreed to waive any dividends.

ARTICLES OF ASSOCIATION

The Articles of Association of the Company were revised upon consideration and approval by the shareholders' general meeting held on 28 May 2021 and 18 February 2022. The latest version of such document is available for inspection at the website of the Company (https://www.polywuye.com/) and the designated website of the Hong Kong Stock Exchange (www.hkexnews.hk).

REPORT OF THE BOARD OF DIRECTORS

The Board of the Company is pleased to present the annual report and audited consolidated financial statements of the Group for the year ended 31 December 2021.

PRINCIPAL BUSINESS

The Group is primarily engaged in the provision of property management services, value-added services to non-property owners and community value-added services.

BUSINESS REVIEW

The business review of the Group for 2021 and a discussion of the Group's future business development and its major risks and uncertainties are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" in this annual report.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated statements of profit or loss and other comprehensive income for the year ended 31 December 2021 and the consolidated statements of financial position as at 31 December 2021 of the Group are set out in the consolidated financial statements on pages 92 to 94 in this annual report.

RESULTS AND APPROPRIATIONS

Profits for the year attributable to owners of the Company for the year ended 31 December 2021 amounted to approximately RMB845.7 million (2020: RMB673.5 million). During the year ended 31 December 2021, dividend of RMB237,933,362 (tax inclusive) in respect of 2020 was declared by the Company to all its shareholders.

The Board proposed the distribution of an annual dividend of RMB0.305 per share (tax inclusive) for the year ended 31 December 2021 with a proposed dividend payout ratio of approximately 20.0%. The dividend distribution plan shall be subject to the approval of the shareholders of the Company (the "**Shareholders**") at the annual general meeting to be held on 8 June 2022 (the "**2021 AGM**") and is expected to be paid on or before 5 August 2022. The proposed annual dividend will be declared in Renminbi and paid in Hong Kong dollars (for H Shares) and Renminbi (for domestic shares), the exchange rate of which will be calculated based on the average exchange rate of Renminbi against Hong Kong dollars published by the People's Bank of China five business days prior to the 2021 AGM.

TAX ON DIVIDENDS

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) which came into effect on 1 January 2008, and amended on 24 February 2017 and 29 December 2018, the Provision for Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) which took effect on 1 January 2008 and amended on 23 April 2019, and the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprise to H Shareholders which are Overseas Non-resident Enterprises (Guo Shui Han 2008 No. 897)《(關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函2008897號)), which was promulgated by the State Administration of Taxation and came into effect on 6 November 2008, where a PRC domestic enterprise distributes dividends for 2008 and subsequent years for financial periods beginning from 1 January 2008 to non-resident enterprise shareholders, it is required to withhold 10% enterprise income tax for such non-resident enterprise shareholders. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of the annual dividend as enterprise income tax, distribute the annual dividend to non-resident enterprise shareholders whose names appear on the H Share register of members of the Company, i.e. any shareholders who hold H shares in the name of non-individual shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or H Shareholders registered in the name of other organisations and groups. After receiving dividends, the non-resident enterprise shareholders may apply to the relevant tax authorities for enjoying treatment of taxation treaties (arrangement) in person or by proxy or by the Company, and provide information to prove that it is an actual beneficiary under the requirements of such taxation treaties (arrangement). After the tax authorities have verified that there is no error, it shall refund the tax difference between the amount of tax levied and the amount of tax payable calculated at the tax rate under the requirements of the relevant taxation treaties (arrangement).

On 28 June 2011, the State Administration of Taxation promulgated the Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guo Shui Fa 1993 No. 045 Document (Guo Shui Han 2011 No.348)《(關於國稅發1993045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函2011348號)) (the "**No. 348 Circular**"). Pursuant to the No. 348 Circular, foreign resident individual shareholders holding the shares of a domestic non-foreign-invested enterprise is entitled to the relevant preferential tax treatments pursuant to the provisions in the tax treaties between the country(ies) in which they are domiciled and the PRC, and the tax arrangements between the PRC and Hong Kong or Macau. Pursuant to the No. 348 Circular, individual income tax at a tax rate of 10% may in general be withheld in respect of the dividend and bonus to be distributed by the domestic non-foreign-invested enterprises whose shares have been issued in Hong Kong, without the need to make any application for preferential tax treatments. However, the tax rate for each foreign resident individual shareholder may vary depending on the relevant tax treaties between the country(ies) of their domicile and the PRC.

Pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui 2016 No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅2016127號)), for dividends and bonus received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through southbound trading, the company of such H shares shall withhold individual income tax at the rate of 20% on behalf of the investors. For dividends and bonus received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through southbound trading, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold the income tax for dividends and bonus on behalf of domestic enterprise investors and those domestic enterprise investors shall declare and pay the relevant tax themselves.

REPORT OF THE BOARD OF DIRECTORS

CLOSURE OF THE REGISTER OF MEMBERS

For the purpose of determining the Shareholders' eligibility to attend and vote at the 2021 AGM (and the adjourned meeting thereof), the register of members of the Company will be closed from Thursday, 2 June 2022 to Wednesday, 8 June 2022, both days inclusive, during which period no transfer of shares will be registered. In order for the H Shareholders to qualify for attending and voting at the 2021 AGM, all properly completed share transfer forms together with the relevant share certificates shall be lodged with the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 1 June 2022. Shareholders whose names appear on the register of members of the Company on Wednesday, 8 June 2022 are entitled to attend and vote at the 2021 AGM.

For the purpose of determining the identity of the Shareholders entitled to the annual dividend in respect of the year ended 31 December 2021, the H Share register of members of the Company will be closed from Wednesday, 6 July 2022 to Thursday, 7 July 2022, both days inclusive, during which period no transfer of H Shares will be registered. For entitlement to the above annual dividend, all share certificates together with the share transfer forms shall be lodged with the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 5 July 2022. Shareholders whose names appear on the register of members of the Company on Thursday, 7 July 2022 are entitled to receive the above proposed annual dividend.

SHARE CAPITAL

Details of the movements in the share capital of the Company for the year ended 31 December 2021 and as at 31 December 2021 are set out in note 27 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Company and of the Group for the year ended 31 December 2021 are set out in note 27 and note 30 to the consolidated financial statements and the section headed "Consolidated Statement of Changes in Equity" in this annual report.

As at 31 December 2021, the Company's aggregate amount of reserve available for distribution to equity Shareholders was approximately RMB1,009.7 million.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group for the year ended 31 December 2021 are set out in note 14 to the consolidated financial statements.

INTANGIBLE ASSETS

Details of the movements in intangible assets of the Group for the year ended 31 December 2021 are set out in note 17 to the consolidated financial statements.

BORROWINGS

As at 31 December 2021, the Group had no borrowings or bank loans.

PLEDGE OF ASSETS

As at 31 December 2021, the Group had no pledge of assets.

CHARITABLE DONATIONS

For the year ended 31 December 2021, the Group made RMB33,514 of charitable donations.

DIRECTORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS

Directors' emoluments and the five highest paid individuals' remuneration of the Group for the year ended 31 December 2021 are set out in note 12 to the consolidated financial statements of the Group.

The emoluments of the Directors and senior management were subject to the confirmation by the remuneration committee of the Company. The Company strictly abided by the requirements under the relevant standards and policies of the Company with regard to the emoluments of the Directors and senior management. Directors' emoluments (including salaries and other benefits) were recommended by the remuneration committee of the Company to the Board for approval upon taking into account factors such as the Group's business results and Directors' performance and responsibilities.

RETIREMENT BENEFIT SCHEME

Details of retirement benefit scheme of the Group are set out in note 3.19 to the consolidated financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the business results and of the assets and liabilities of the Group for the past five financial years is set out in the section headed "Five Year Financial Summary" in this annual report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There is no arrangement for pre-emptive rights in accordance with the PRC laws and the Articles of Association of the Company.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the Shareholders of the Company due to their holding of the Company's securities.

REPORT OF THE BOARD OF DIRECTORS

MEMBERS OF THE BOARD AND CHANGES DURING THE REPORTING PERIOD

The Directors of the Company for the year ended 31 December 2021 and up to the date of this report include:

Mr. Huang Hai (Chairman)
Mr. Liu Ping
Mr. Hu Zaixin
Ms. Wu Lanyu
Mr. Wang Xiaojun
Ms. Tan Yan
Mr. Wang Peng

Independence Confirmation

The Company has received, from each of the independent non-executive Directors (except for the inability to contact Mr. Wang Peng), an annual confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all of the independent non-executive Directors have met the independence requirement.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and Supervisors has entered into a service contract with the Company.

The term of office of all Directors and Supervisors is effective from their respective appointment dates until the expiry of the term of the second session of the Board and the Supervisory Committee (i.e. 22 October 2022).

As of 31 December 2021, none of the Directors or Supervisors had entered into any service contract with the Company which was not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' AND SUPERVISORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Director, Supervisor or any entity connected with our Directors or Supervisors of the Group had material interests in, either directly or indirectly, any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party for the year ended 31 December 2021.

DIRECTORS' AND SUPERVISORS' INTERESTS IN COMPETING BUSINESS

No Director, Supervisor or any of their respective close associates had any interest in a business which competes or is likely to compete with the Company's business for the year ended 31 December 2021.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of the Directors, Supervisors and senior management are set out respectively in the section headed "Directors, Supervisors and Senior Management" in this annual report.

CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

In accordance with Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) for the year ended 31 December 2021 and up to the date of this report are set out below:

Upon the consideration and approval at the fourth extraordinary board meeting of Poly Developments and Holdings in 2021, a controlling shareholder of the Company, Mr. Liu Ping, a Director of the Company, has been elected as the chairman of Poly Developments and Holdings, with a term from 29 July 2021 until the expiration of the term of the sixth session of the board.

Upon the consideration and approval at the third extraordinary general meeting of Poly Developments and Holdings in 2021, a controlling shareholder of the Company, Mr. Hu Zaixin, a Director of the Company, has been elected as a director of Poly Developments and Holdings, with a term from 28 October 2021 until the expiration of the term of the sixth session of the board.

Mr. Wang Peng, a Director of the Company, has resigned as an independent non-executive director of Xinyuan Property Management Service (Cayman) Ltd. (stock code: 01895), with effect from 13 April 2021; ceased to be an independent non-executive director of CIFI Ever Sunshine Services Group Limited (formerly known as Ever Sunshine Lifestyle Services Group Limited (stock code: 01995)), with effect from 14 December 2021; ceased to be an independent non-executive director of A-Living Smart City Services Co., Ltd. (formerly known as A-Living Services Co., Ltd. (stock code: 03319)), with effect from 21 January 2022.

PERMITTED INDEMNITY PROVISION

The Company has maintained liability insurance for the Directors, Supervisors and senior management members to protect them from any legal liability to any third party arising from corporate activities.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed for the year ended 31 December 2021.

INTERESTS AND/OR SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 31 December 2021, the interests and/or short positions of the Directors, Supervisors and chief executive in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as 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 Hong Kong Stock Exchange pursuant to the Model Code, were as follows:

Name of Director/ Supervisor	Name of associated corporation	Capacity	Number of shares held in the associated corporation	Percentage of total issued shares of the associated corporation (%)
Huang Hai	Poly Developments and Holdings	Beneficial owner	1,095,697(L)	0.009
Liu Ping	Poly Developments and Holdings	Beneficial owner	7,685,642(L)	0.06
	Poly Developments and Holdings	Beneficial owner	37,542(L)[1]	0.0003
Hu Zaixin	Poly Developments and Holdings	Beneficial owner	887,954(L)	0.007
	Poly Developments and Holdings	Beneficial owner	37,543(L)[1]	0.0003
Wu Lanyu	Poly Developments and Holdings	Interest of spouse	200,000(L)	0.001
	Poly Union Chemical Holding Group Co., Ltd.[2]	Beneficial owner	1,900(L)	0.0003
Liu Huiyan	Poly Developments and Holdings	Beneficial owner	184,810(L)	0.001
	Poly Developments and Holdings	Beneficial owner	81,911(L)[1]	0.0006

Notes:

As shown in the disclosed information:

Long position — L;

(1) Such interest is in the form of share options of the associated corporation as at 31 December 2021. The shareholding percentage is calculated (i) by assuming full exercise of the relevant options; and (ii) based on the total number of shares of Poly Developments and Holdings without taking into account the share options granted but not yet exercised as at 31 December 2021.

(2) Poly Union Chemical Holding Group Co., Ltd. (保利聯合化工控股集團股份有限公司), formerly known as Guizhou Jiulian Industrial Explosive Material Development Co., Ltd. (貴州久聯民爆器材發展股份有限公司).

Save as disclosed above, as at 31 December 2021, none of the Directors, Supervisors and chief executive had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO); or which are recorded in the register required to be kept pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES OR UNDERLYING SHARES OF THE COMPANY

As at 31 December 2021, the persons (other than Directors, Supervisors or chief executive of the Company) or corporations who had interest or short positions in the shares and/or underlying shares of the Company which were required 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 under section 336 of the SFO were as follows:

Class of shares	Name of Shareholder	Capacity	Interests held or owned in the class shares of the Company	Percentage of issued shares of the relevant class of the Company (%)	Percentage of total issued shares of the Company (%)
H Share	AEGON-Industrial Fund Management Co., Ltd.	Investment manager	9,255,800(L)	6.04	1.67
	Gaoling Fund, L.P.	Beneficial owner	7,795,000(L)[1]	5.85[1]	1.40
	Hillhouse Capital Advisors, Ltd.	Investment manager	7,795,000(L)[1]	5.85[1]	1.40
	China International Capital Corporation Limited[2]	Interest in controlled corporation	8,764,200(L)[2]	5.72[2]	1.58
			6,642,000(S)[2]	4.33[2]	1.20
	CCB Investment Funds Management Co., Ltd.[3]	Interest in controlled corporation	6,681,400(L)[3]	5.01[3]	1.20
Domestic share	China Poly Group[4]	Interest in controlled corporation	400,000,000(L)	100.00	72.289
	Poly Southern Group Co., Ltd[4]	Interest in controlled corporation	400,000,000(L)	100.00	72.289
	Poly Developments and Holdings[4]	Beneficial owner	380,000,000(L)	95.00	68.675
		Interest in controlled corporation	20,000,000(L)	5.00	3.614
	Xizang Hetai Corporate Management Co., Ltd.[4]	Beneficial owner	20,000,000(L)	5.00	3.614

Notes:

As shown in the disclosed information:

Long position — L; Short position — S; Lending pool — P

* As at 31 December 2021, the Company had a total of 553,333,400 issued shares, comprising 400,000,000 domestic shares and 153,333,400 H Shares.

(1) Disclosure of the number of H Shares held is made pursuant to the latest disclosure of interests notice filed as of 31 December 2021 (date of the relevant event: 19 December 2019).

(2) China International Capital Corporation Limited has full control over several corporations, and is deemed by the SFO to be interested in the long positions held in a total of 8,764,200 H Shares and short positions in 6,642,000 H Shares of the Company. Disclosure of the number of H Shares held is made pursuant to the latest disclosure of interests notice filed as of 31 December 2021 (date of the relevant event: 26 February 2020).

(3) China Structural Reform Fund Co., Ltd ("**China Structural Reform Fund**") is held as to 38.20% by CCB Investment Funds Management Co., Ltd. ("**CCB**"), which is deemed by the SFO to be interested in the shares of the Company held by China Structural Reform Fund. Disclosure of the number of H Shares held is made pursuant to the latest disclosure of interests notice filed as of 31 December 2021 (date of the relevant event: 19 December 2019).

(4) (i) Poly Developments and Holdings is held as to 37.69% by Poly Southern Group Co., Ltd. ("**Poly Southern**"), which is a wholly-owned subsidiary of China Poly Group. Therefore, Poly Southern and China Poly Group are deemed by the SFO to be interested in the shares of the Company held by Poly Developments and Holdings; and (ii) Xizang Hetai Corporate Management Co., Ltd. ("**Xizang Hetai**", formerly known as Xizang Yingyue Investment Management Co., Ltd.) is wholly owned by Poly Developments and Holdings. Therefore, Poly Developments and Holdings is deemed by the SFO to be interested in the shares of the Company held by Xizang Hetai.

Save as disclosed above, as at 31 December 2021, the Company had not been notified of any other interests or short positions held by any other person in the shares or underlying shares of the Company which were required to be recorded or otherwise disclosed to the Company under the SFO.

RESTRICTED SHARE INCENTIVE SCHEME

The Board of the Company had considered the proposed adoption of the Restricted Share Incentive Scheme and the Initial Grant Proposal on 15 November 2021, and had considered the proposed amendments on 28 January 2022. The shareholders of the Company had approved and adopted the Restricted Share Incentive Scheme and the Initial Grant Proposal at the extraordinary general meeting held on 18 February 2022. The term of the Restricted Share Incentive Scheme is set to last 10 years from the adoption date, and will expire on 17 February 2032. For details please refer to the announcements dated 15 November 2021 and 28 January 2022, and the circular dated 31 January 2022, of the Company.

For the year ended 31 December 2021, the Company has not granted any share to eligible persons pursuant to the Restricted Share Incentive Scheme.

COMPLIANCE WITH THE DEED OF NON-COMPETITION

China Poly Group, a substantial Shareholder of the Company, entered into a deed of non-competition dated 29 November 2019 in favour of the Group. Please refer to "China Poly Group Non-competition Undertaking" in the Prospectus of the Company dated 9 December 2019 for more details.

For the year ended 31 December 2021, China Poly Group, our controlling Shareholder, confirmed that it had complied with the deed of non-competition undertaking.

The independent non-executive Directors have reviewed the confirmation letter in relation to China Poly Group's compliance with the deed of non-competition undertaking for the year ended 31 December 2021.

Poly Developments and Holdings, a substantial Shareholder of the Company, entered into a deed of non-competition dated 29 November 2019 in favour of the Group. Please refer to the paragraph headed "Poly Developments and Holdings Non-competition Undertaking" in the Prospectus of the Company dated 9 December 2019 for more details.

For the year ended 31 December 2021, Poly Developments and Holdings, our controlling Shareholder, confirmed that it had complied with the deed of non-competition undertaking.

The independent non-executive Directors have reviewed the confirmation letter in relation to Poly Developments and Holdings' compliance with the deed of non-competition undertaking for the year ended 31 December 2021.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2021, the total procurement from the five largest suppliers of the Group was less than 30% of the total procurement of the Group, and the total revenue from the five largest customers of the Group was also less than 30% of the total revenue of the Group.

CONTROLLING SHAREHOLDER' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in "Connected Transactions and Continuing Connected Transactions", there were no contracts of significance between the Company or any of its subsidiaries and the controlling shareholder of the Company or any of its subsidiaries for the year ended 31 December 2021.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Details of the connected transactions and continuing connected transactions required to be disclosed in the annual report pursuant to Chapter 14A of the Listing Rules are as follows.

Connected Transactions and Continuing Connected Transactions

1. *2020 Property Leasing Agreement*

On 16 October 2020, Guangzhou Poly Business Commercial Property Development Co., Ltd. (廣州保利商業物業發展有限公司) ("**Poly Business Commercial Property**"), a wholly-owned subsidiary of our Company, as lessee, entered into a property leasing agreement ("**2020 Property Leasing Agreement**") with Poly Developments and Holdings, as landlord, pursuant to which, Poly Developments and Holdings agreed to lease office buildings (collectively the "**2020 Subject Properties**") it owned to Poly Business Commercial Property for business management on an as-is basis. The rent payable will be paid in the form of "guaranteed rent + shared rent". As Poly Developments and Holdings and its associates have reserved certain properties in the 2020 Subject Properties and will rent properties in the 2020 Subject Properties for their own use, Poly Business Commercial Property will become the lessor of such reserved and newly rented properties upon signing the 2020 Property Leasing Agreement with a term from 16 October 2020 to 31 December 2021.

During the lease term, Poly Business Commercial Property is required to pay the guaranteed rent in full, which shall be approximately RMB36.56 million and approximately RMB184.50 million for the years ended 31 December 2020 and 2021, respectively.

Our Directors estimate that the annual cap for shared rent to be incurred for the years ended 31 December 2020 and 2021 will not exceed RMB4 million and RMB20 million, respectively; while the annual cap for subleasing income to be generated for the years ended 31 December 2020 and 2021 will not exceed RMB15 million and RMB68 million, respectively, and the amount recognised as right-of-use assets as at the date of the commencement of the lease term was RMB203.43 million.

Poly Developments and Holdings is one of our controlling Shareholders, and is therefore a connected person of the Company under the Listing Rules. In accordance with the Listing Rules, as the guaranteed rent under the 2020 Property Leasing Agreement is recognised as right-of-use assets and considered as a connected transaction, and the shared rent and subleasing income are recognised as expense and revenue, respectively, and considered as continuing connected transactions under the Listing Rules, where the highest applicable percentage ratios in respect of the annual caps for the above transactions are more than 0.1%, but less than 5%, the 2020 Property Leasing Agreement will be exempt from the independent shareholders' approval requirement but shall be subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

For details, please refer to the announcement of the Company dated 16 October 2020.

For the year ended 31 December 2021, the shared rent paid by Poly Business Commercial Property to Poly Developments and Holdings pursuant to the 2020 Property Leasing Agreement amounted to RMB11.13 million, which did not exceed RMB20 million, the annual cap for 2021.

For the year ended 31 December 2021, the subleasing income received by Poly Business Commercial Property from Poly Developments and Holdings and its associates pursuant to the 2020 Property Leasing Agreement amounted to RMB23.96 million, which did not exceed RMB68 million, the annual cap for 2021.

2. *2021 Property Leasing Agreements*

On 1 April 2021, Poly Business Commercial Property, a wholly-owned subsidiary of our Company, as lessee, entered into Poly Developments Property Leasing Agreement with Poly Developments and Holdings, as landlord, and entered into Ruichi Property Leasing Agreement (collectively the "**2021 Property Leasing Agreements**") with Guangzhou Ruichi Corporate Management Co., Ltd. (廣州市睿馳企業管理有限公司) ("**Guangzhou Ruichi**"), as landlord, respectively. Pursuant to the agreements, Poly Developments and Holdings and Guangzhou Ruichi agreed to lease office buildings (collectively the "**2021 Subject Properties**") they owned to Poly Business Commercial Property for business management on an as-is basis. The rent payable will be paid in the form of "rent under lump sum basis + remaining rent". As Poly Developments and Holdings, Guangzhou Ruichi and its associates have reserved certain properties in the 2021 Subject Properties and will rent properties in the 2021 Subject Properties for their own use, Poly Business Commercial Property will become the lessor of such reserved and newly rented properties upon signing the 2021 Property Leasing Agreements with a term of three years from the date of consideration and approval of the 2021 Property Leasing Agreements at the extraordinary general meeting (from 28 May 2021 to 27 May 2024). At the same time, pursuant to the Poly Developments Property Leasing Agreement, Poly Business Commercial Property and Poly Developments and Holdings have agreed to amend the 2020 Property Leasing Agreement and terminate the lease of the properties to be re-covered in the Poly Developments Property Leasing Agreement.

After the effective date of the Poly Developments Property Leasing Agreement, Poly Business Commercial Property was required to pay the rent of approximately RMB808 million under lump sum basis. The aggregate amount of the remaining rent for the lease term is approximately RMB149 million, payable in instalments over a period of three years; after the effective date of the Ruichi Property Leasing Agreement, Poly Business Commercial Property was required to pay the rent of approximately RMB47 million under lump sum basis. The aggregate amount of the remaining rent for the lease term is approximately RMB11 million, payable in instalments over a period of three years.

The Board estimates that the annual caps for the remaining rent payable by Poly Business Commercial Property pursuant to the 2021 Property Leasing Agreements, for the years ended 31 December 2021, 31 December 2022 and 31 December 2023, and the period ended 27 May 2024, will not exceed RMB37 million, RMB63 million, RMB69 million and RMB35 million, respectively; while the annual caps for the shared rents to be received by Poly Business Commercial Property from Poly Developments and Holdings and its associates pursuant to the 2021 Property Leasing Agreements for the years and period as stated above will not exceed RMB84 million, RMB127 million, RMB129 million and RMB65 million, respectively.

Poly Developments and Holdings is one of our controlling Shareholders, and is therefore a connected person of the Company under the Listing Rules. In accordance with the Listing Rules, as the rent paid under lump sum basis under the 2021 Property Leasing Agreements is recognised as right-of-use assets on an aggregate basis and considered as a connected transaction, the highest applicable percentage ratios in respect of the annual caps for the above transactions are more than 5%, but less than 25%. Pursuant to Chapter 14A of the Listing Rules, the Company shall also be subjected to reporting, announcement and independent shareholders' approval requirements. At the same time, as the rent paid under lump sum basis under the 2021 Property Leasing Agreements constitutes a discloseable transaction, the Company shall also be subjected to the notice and announcement requirements under Chapter 14 of the Listing Rules. As the remaining rent and the subleasing income under the 2021 Property Leasing Agreements are recognised as expense and revenue, respectively, and considered as continuing connected transactions under the Listing Rules, where the highest applicable percentage ratios in respect of the annual caps for the above transactions are more than 0.1%, but less than 5%, the 2021 Property Leasing Agreements will be exempt from the independent shareholders' approval requirement but shall be subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

For details please refer to the announcement dated 1 April 2021 and the circular dated 12 May 2021 of the Company. The 2021 Property Leasing Agreements and transactions contemplated hereunder had been formally approved by the independent shareholders of the Company at the extraordinary general meeting held on 28 May 2021.

For the year ended 31 December 2021, the remaining rent paid by Poly Business Commercial Property to Poly Developments and Holdings and Guangzhou Ruichi pursuant to the 2021 Property Leasing Agreements amounted to RMB25.46 million, which did not exceed RMB37 million, the annual cap for 2021.

For the year ended 31 December 2021, the shared rent received by Poly Business Commercial Property from Poly Developments and Holdings and its associates pursuant to the 2021 Property Leasing Agreements amounted to RMB39.33 million, which did not exceed RMB84 million, the annual cap for 2021.

3. *2022 Property Leasing Agreement*

On 31 December 2021, Poly Business Commercial Property, a wholly-owned subsidiary of our Company, as lessee, entered into a property leasing agreement ("**2022 Property Leasing Agreement**") with Poly Developments and Holdings, as landlord, to renew the connected transactions related to Poly Zhongke Plaza (the "**Subject Properties**") under the 2020 Property Leasing Agreement. The rent payable will be paid in the form of "guaranteed rent + shared rent". As Poly Developments and Holdings and its associates have reserved certain properties in the Subject Properties and will rent properties in the Subject Properties for their own use, Poly Business Commercial Property will become the lessor of such reserved and newly rented properties upon signing the 2022 Property Leasing Agreement with a lease term from 1 January 2022 to 31 December 2031.

Upon the date of effectiveness of the 2022 Property Leasing Agreement, the aggregate amount of guaranteed rent shall be paid by Poly Business Commercial Property under lump sum basis for the whole lease term amounts to approximately RMB97.48 million.

The Board estimates that the annual caps for the shared rent to be incurred by the Subject Properties of Poly Business Commercial Property pursuant to the 2022 Property Leasing Agreement, for the three years ending 31 December 2024, will not exceed RMB17.91 million, RMB18.88 million and RMB20.08 million, respectively.

Poly Developments and Holdings is one of our controlling Shareholders, and is therefore a connected person of the Company under the Listing Rules. In accordance with the Listing Rules, as the highest applicable percentage ratios in respect of the value of right-of-use assets for the guaranteed rent portion rent, and the relevant highest annual caps for the subleasing income to the Group from the associates under the 2022 Property Leasing Agreement are more than 0.1%, but less than 5%. The Company shall be subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules, and will be exempt from the independent shareholders' approval requirement.

In addition, the highest applicable percentage ratio in respect of the maximum annual cap for the shared rent portion under the 2022 Property Leasing Agreement is less than 0.1%, pursuant to the Listing Rules. The Company, for the shared rent portion, will be exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Chapter 14A.52 of the Listing Rules, as the term of 2022 Property Leasing Agreement exceeds three years, the Company has appointed an independent financial adviser to elaborate the reason for such longer term, and has confirmed that it is normal business practice for agreement of such type of term to be of such durations.

For details please refer to the announcement of the Company dated 31 December 2021.

Continuing Connected Transactions

Continuing Connected Transactions Fully Exempt from the Reporting, Announcement, Annual Review and Independent Shareholders' Approval Requirements

Trademark Licencing Agreements

On 30 May 2019, our Company entered into a trademark licencing agreement with Poly Developments and Holdings, pursuant to which, Poly Developments and Holdings agreed to irrevocably grant us a non-transferable licence and to allow us to use the trademarks (i) **保利物业** (Trademark No.: 10017412, Category:36); and (ii) **保利物业** (Trademark No.: 10018517, Category:37) registered in China from the date of the trademark licencing agreement to the expiration dates of the trademarks (including the renewal period of such trademarks) or to the date of termination of the trademark licencing agreement to be agreed by the parties in writing at the total royalties of RMB20 for the entire period.

On 31 October 2016, our Company entered into a trademark licencing agreement with Poly Developments and Holdings, pursuant to which Poly Developments and Holdings agreed to irrevocably grant us a non-transferable licence and to allow us to use the trademark 保利 (Trademark No.: 3475707, Category:37) registered in China from 31 October 2016 to 20 May 2025 at the royalties of RMB10.

Poly Developments and Holdings is one of our controlling Shareholders and thus a connected person of our Company under the Listing Rules. Accordingly, the transactions under the above trademark licencing agreements constitute the connected transactions of our Company under Chapter 14A of the Listing Rules upon the Listing.

As the right to use the above licenced trademarks is granted to us at the royalty of RMB30 in aggregate, the transactions under the above trademark licencing agreements meet the de minimis transaction requirements under Rule 14A.76 of the Listing Rules and are exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Continuing Connected Transactions Subject to the Reporting, Announcement and Annual Review Requirements but Exempt from the Independent Shareholders' Approval Requirements

1. *Property Leasing*

   On 29 November 2019, our Company entered into the connected transaction framework agreement (the "**2019 Connected Transaction Framework Agreement**") with Poly Developments and Holdings. Pursuant to the 2019 Connected Transaction Framework Agreement, we will lease properties owned by Poly Developments and Holdings and its associates with a term from the Listing Date to 31 December 2021.

   In view of the Group's business development, the Company entered into the 2021 to 2023 Property Leasing Framework Agreement with Poly Developments and Holdings, with a term from 24 March 2021 to 31 December 2023. Such agreement superseded the relevant provisions under the 2019 Connected Transaction Framework Agreement upon its effectiveness. Pursuant to the 2021 to 2023 Property Leasing Framework Agreement, the subsidiaries and associates of both parties will enter into separate leasing agreements, which will set out specific terms and conditions. Our Directors estimate that the annual caps for leasing fees to be incurred for each of the three years ending 31 December 2023 will not exceed RMB21.5 million, RMB25.8 million and RMB31.0 million, respectively.

   Poly Developments and Holdings is one of our controlling Shareholders, and is therefore a connected person of the Company under the Listing Rules. As the highest applicable percentage ratios under the Listing Rules in respect of the annual caps for property leasing under the 2021 to 2023 Property Leasing Framework Agreement are more than 0.1%, but less than 5%, the property leasing is exempt from the independent shareholders' approval requirement but shall be subject to reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

   For details, please refer to the announcement of the Company dated 24 March 2021.

   For the year ended 31 December 2021, the leasing fee for the properties leased by the Group from Poly Developments and Holdings and its associates amounted to RMB12.62 million, which did not exceed RMB21.5 million, the annual cap for 2021.

2. Hardware Procurement and Maintenance Services

On 29 November 2019, our Company entered into the 2019 Connected Transaction Framework Agreement with Poly Developments and Holdings. Pursuant to the 2019 Connected Transaction Framework Agreement, we will procure hardware and maintenance services, being (1) the procurement of hardware equipment; and (2) maintenance services of the procured hardware, from Poly Developments and Holdings and its associates with a term from the Listing Date to 31 December 2021.

In view of the Group's business development, the Company entered into the 2021 to 2023 Hardware Procurement and Maintenance Services Framework Agreement with Poly Developments and Holdings, with a term from 24 March 2021 to 31 December 2023. Such agreement superseded the relevant provisions under the 2019 Connected Transaction Framework Agreement upon its effectiveness. Pursuant to the 2021 to 2023 Hardware Procurement and Maintenance Services Framework Agreement, the subsidiaries and associates of both parties will enter into separate hardware procurement and maintenance services agreements, which will set out specific terms and conditions. Our Directors estimate that the annual caps for fees to be incurred for the hardware procurement and maintenance services for each of the three years ending 31 December 2023 will not exceed RMB20.0 million.

Poly Developments and Holdings is one of our controlling Shareholders, and is therefore a connected person of the Company under the Listing Rules. As the highest applicable percentage ratios under the Listing Rules in respect of the annual caps for fees to be incurred for the hardware procurement and maintenance services under the 2021 to 2023 Hardware Procurement and Maintenance Services Framework Agreement are more than 0.1%, but less than 5%, the 2021 to 2023 Hardware Procurement and Maintenance Services Framework Agreement is exempt from the independent shareholders' approval requirement but shall be subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

For details, please refer to the announcement of the Company dated 24 March 2021.

For the year ended 31 December 2021, the fee for the hardware and hardware maintenance services procured by the Group from Poly Developments and Holdings and its associates amounted to RMB1.77 million, which did not exceed RMB20.0 million, the annual cap for 2021.

3. Procurement of Technology Development and Supporting Services

On 29 November 2019, our Company entered into the 2019 Connected Transaction Framework Agreement with Poly Developments and Holdings. Pursuant to the 2019 Connected Transaction Framework Agreement, we procured technology development and supporting services from Poly Developments and Holdings and its associates for the purposes of enhancing our digital platforms, systems and product application experiences, being (1) technology development services; (2) supporting services; and (3) maintenance services (collectively the "**Technology Development and Supporting Services**"), with a term from the Listing Date to 31 December 2021.

Based on the expected demand of our Group for the Technology Development and Supporting Services, our Directors estimate that the annual caps of fees to be generated for the Technology Development and Supporting Services for each of the three years ended 31 December 2021 would not exceed RMB5.4 million, RMB6.5 million and RMB7.8 million, respectively.

Poly Developments and Holdings is one of our controlling Shareholders, and is therefore a connected person of the Company under the Listing Rules. In accordance with the Listing Rules, as the highest applicable percentage ratios in respect of the annual caps for the Technology Development and Supporting Services under the Listing Rules are more than 0.1%, but less than 5%, the Technology Development and Supporting Services are exempt from the independent shareholders' approval requirement but shall be subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

For the year ended 31 December 2021, the fee for the Technology Development and Supporting Services procured by the Group from Poly Developments and Holdings and its associates is nil, which did not exceed RMB7.8 million, the annual cap for 2021.

In view of the adjustment to its informatisation business development plans, the Group does not plan to procure technology development and support services from Poly Developments and Holdings and its associates in 2021 and therefore the relevant terms under the 2019 Connected Transaction Framework Agreement will be terminated. For details, please refer to the announcement of the Company dated 24 March 2021.

Continuing Connected Transactions Subject to the Reporting, Announcement, Annual Review and Independent Shareholders' Approval Requirements

1. *Provision of Property Management Services*

On 29 November 2019, our Company entered into a property management services framework agreement (collectively the "**Other Property Management Services Framework Agreements**") with each of Poly Southern, Guangdong Poly Auction Co., Ltd. ("**Guangdong Poly Auction**") and Poly Changda Overseas Engineering Co., Ltd. ("**Poly Changda Overseas**"), respectively, pursuant to which, our Company has provided property management services to Poly Southern, Guangdong Poly Auction (and its subsidiaries) and Poly Changda Overseas (and its subsidiaries), respectively.

On 29 November 2019, our Company entered into the 2019 Connected Transaction Framework Agreement with Poly Developments and Holdings. Pursuant to the 2019 Connected Transaction Framework Agreement and Other Property Management Services Framework Agreements, we provide property management services for a wide range of properties associated with Poly Developments and Holdings and its associates with a term from the Listing Date to 31 December 2021.

In view of the Group's business development, the Company entered into the property management services framework agreements (collectively the "**2021 to 2023 Property Management Services Framework Agreements**") with each of Poly Developments and Holdings, Poly Southern, Guangdong Poly Auction and Poly Changda Overseas, respectively, with a term from the date such agreements were approved by the independent shareholders at the extraordinary general meeting (28 May 2021) to 31 December 2023. Such agreement superseded the relevant provisions under the 2019 Connected Transaction Framework Agreement and Other Property Management Services Framework Agreements upon its effectiveness, and the relevant provisions under the 2019 Connected Transaction Framework Agreement and Other Property Management Services Framework Agreements will be automatically terminated. Pursuant to the 2021 to 2023 Property Management Services Framework Agreements, the subsidiaries and associates of both parties will enter into separate property management services agreements, which will set out specific terms and conditions. Our Directors estimate that the annual caps for property management fees to be generated under the 2021 to 2023 Property Management Services Framework Agreements for each of the three years ending 31 December 2023 will not exceed RMB243.9 million, RMB329.3 million and RMB444.5 million, respectively.

Poly Developments and Holdings is one of our controlling Shareholders, and is therefore a connected person of the Company under the Listing Rules. As the highest applicable percentage ratios under the Listing Rules in respect of the annual caps for property management services under the 2021 to 2023 Property Management Services Framework Agreements are more than 5%, the property management services shall be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The 2021 to 2023 Property Management Services Framework Agreements and the transactions contemplated under such agreements, and the annual caps were formally approved by independent shareholders of the Company at the extraordinary general meeting held on 28 May 2021. For details, please refer to the announcement dated 24 March 2021 and the circular dated 12 May 2021 of the Company.

For the year ended 31 December 2021, the property management fees generated from the provision of property management services by the Group to Poly Developments and Holdings and its associates amounted to RMB197.87 million, which did not exceed RMB243.9 million, the annual cap for 2021.

2. *Provision of Pre-delivery Services and Other Value-added Services*

(i) Provision of Pre-delivery Services

On 29 November 2019, our Company entered into the 2019 Connected Transaction Framework Agreement with Poly Developments and Holdings. Pursuant to the 2019 Connected Transaction Framework Agreement, we will provide pre-delivery services to Poly Developments and Holdings and its associates, for the purposes of assisting in property sale activities, which include visitor reception, cleaning, security inspection, maintenance and other customer related services (collectively the "**Pre-delivery Services**"), with a term from the Listing Date to 31 December 2021.

In view of the Group's business development, the Company entered into the 2021 to 2023 Pre-delivery Services Framework Agreement with Poly Developments and Holdings on 24 March 2021, with a term from the date the 2021 to 2023 Pre-delivery Services Framework Agreement was approved by the independent shareholders at the extraordinary general meeting (28 May 2021) to 31 December 2023. Such agreement superseded the relevant provisions under the 2019 Connected Transaction Framework Agreement upon its effectiveness, and the relevant provisions under the 2019 Connected Transaction Framework Agreement will be automatically terminated. Pursuant to the 2021 to 2023 Pre-delivery Services Framework Agreement, the subsidiaries and associates of both parties will enter into separate pre-delivery services agreements, which will set out specific terms and conditions. Our Directors estimate that the annual caps for Pre-delivery Services fees to be generated under the 2021 to 2023 Pre-delivery Services Framework Agreement for each of the three years ending 31 December 2023 will not exceed RMB1,073.4 million, RMB1,341.7 million and RMB1,677.1 million, respectively.

Poly Developments and Holdings is one of our controlling Shareholders, and is therefore a connected person of the Company under the Listing Rules. As the highest applicable percentage ratios under the Listing Rules in respect of the annual caps for the Pre-delivery Services under the 2021 to 2023 Pre-delivery Services Framework Agreement are more than 5%, the Pre-delivery Services shall be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The 2021 to 2023 Pre-delivery Services Framework Agreement and the transactions contemplated under such agreement, and the annual caps were formally approved by independent shareholders of the Company at the extraordinary general meeting held on 28 May 2021. For details, please refer to the announcement dated 24 March 2021 and the circular dated 12 May 2021 of the Company.

For the year ended 31 December 2021, the service fees generated from the provision of Pre-delivery Services by the Group to Poly Developments and Holdings and its associates amounted to RMB993.15 million, which did not exceed RMB1,073.4 million, the annual cap for 2021.

(ii) Provision of Other Value-added Services

On 29 November 2019, our Company entered into the 2019 Connected Transaction Framework Agreement with Poly Developments and Holdings. Pursuant to the 2019 Connected Transaction Framework Agreement, we will provide other value-added services to Poly Developments and Holdings and its associates, i.e. (i) other value-added services to non-property owners, such as consultation, inspection, delivery and commercial operation services; and (ii) community value-added services (collectively "**Other Value-added Services**"), with a term from the Listing Date to 31 December 2021.

In view of the Group's business development, the Company entered into the 2021 to 2023 Other Value-added Services Framework Agreement with Poly Developments and Holdings on 24 March 2021, with a term from the date the 2021 to 2023 Other Value-added Services Framework Agreement was approved by the independent shareholders at the extraordinary general meeting (28 May 2021) to 31 December 2023. Such agreement superseded the relevant provisions under the 2019 Connected Transaction Framework Agreement upon its effectiveness, and the relevant provisions under the 2019 Connected Transaction Framework Agreement will be automatically terminated. Pursuant to the 2021 to 2023 Other Value-added Services Framework Agreement, the subsidiaries and associates of both parties will enter into other value-added services agreements, which will set out specific terms and conditions. Our Directors estimate that the annual caps for service fees to be generated under the 2021 to 2023 Other Value-added Services Framework Agreement for each of the three years ending 31 December 2023 will not exceed RMB550.9 million, RMB716.1 million and RMB931.0 million, respectively.

Poly Developments and Holdings is one of our controlling Shareholders, and is therefore a connected person of the Company under the Listing Rules. As the highest applicable percentage ratios under the Listing Rules in respect of the annual caps for the Other Value-added Services under the 2021 to 2023 Other Value-added Services Framework Agreement are more than 5%, the Other Value-added Services shall be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The 2021 to 2023 Other Value-added Services Framework Agreement and the transactions contemplated under such agreement, and the annual caps were formally approved by independent shareholders of the Company at the extraordinary general meeting held on 28 May 2021. For details, please refer to the announcement dated 24 March 2021 and the circular dated 12 May 2021 of the Company.

For the year ended 31 December 2021, the service fees generated from the provision of Other Value-added Services by the Group to Poly Developments and Holdings and its associates amounted to RMB457.99 million, which did not exceed RMB550.9 million, the annual cap for 2021.

3. *Deposit Service Framework Agreement*

On 7 April 2020, our Company entered into a deposit service framework agreement ("**Deposit Service Framework Agreement**") with Poly Finance Company Limited (保利財務有限公司) ("**Poly Finance**"), pursuant to which Poly Finance would provide deposit services to our Group, with a term from the date of annual general meeting (23 June 2020) to 31 December 2022. According to the Deposit Service Framework Agreement, we may deposit funds into Poly Finance from time to time. The terms, including interest rates and other important terms, provided by Poly Finance should be comparable with those provided by Chinese banks or other financial institutions for the same type and terms/interests. The Group and Poly Finance will monitor the Group's deposits from time to time.

The maximum daily balance of deposits (including interests paid thereon) that may be placed with Poly Finance for each of the three years ended 31 December 2020, 2021 and 2022 shall be capped at RMB2,030.0 million.

As Poly Finance is an associate of China Poly Group, and China Poly Group is a connected person of the Company under the Listing Rules, Poly Finance is therefore a connected person of the Company under the Listing Rules. As the highest applicable percentage ratios under the Listing Rules in respect of the daily caps for the deposit balances under the Deposit Service Framework Agreement are more than 5%, the transactions under the Deposit Service Framework Agreement shall be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For details, please refer to the announcement dated 7 April 2020 and the circular dated 22 May 2020 of the Company.

For the year ended 31 December 2021, the maximum daily deposit balance (including paid interests) deposited by the Group with Poly Finance amounted to RMB1,938.65 million, which did not exceed RMB2,030.0 million, the annual cap for 2021.

4. *Parking Space Leasing and Sales Agency Services Framework Agreement*

On 16 July 2021, our Company entered into the Parking Space Leasing and Sales Agency Services Framework Agreement with Poly Developments and Holdings, with a term from the date of consideration and approval at the extraordinary general meeting (15 September 2021) to 31 December 2023. Pursuant to the agreement, the Group will provide exclusive parking space sales and leasing agency services in respect of the target parking spaces to Poly Developments and Holdings and its associates, to facilitate the sales and leasing activities of parking space properties. The Group is required to pay refundable deposits to Poly Developments and Holdings and its associates, and, at the same time, to receive agency service fees from Poly Developments and Holdings and its associates.

The Board estimates that the maximum balances of the deposits paid by the Group to Poly Developments and Holdings and its associates at any time during each of the three years ending 31 December 2023 shall be capped at RMB3,000 million; the annual caps of agency service fees receivable by the Company will not exceed RMB300 million, RMB750 million and RMB750 million, respectively.

Poly Developments and Holdings is one of our controlling Shareholders, and is therefore a connected person of the Company under the Listing Rules. As the highest applicable percentage ratio in respect of the value of relevant highest annual cap for the deposit expense portion under the Parking Space Leasing and Sales Agency Services Framework Agreement is more than 25% but less than 75%, the deposit expense portion under the Parking Space Leasing and Sales Agency Services Framework Agreement also constitutes a major transaction of the Company. The Company shall be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14 and 14A of the Listing Rules. In addition, as the highest applicable percentage ratio in respect of the value of relevant highest annual cap for the agency services fee portion under the Parking Space Leasing and Sales Agency Services Framework Agreement is more than 5%, the Company shall be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Parking Space Leasing and Sales Agency Services Framework Agreement and the transactions contemplated under the agreement were approved by the independent shareholders of the Company at the extraordinary general meeting held on 15 September 2021. For details, please refer to the announcement dated 16 July 2021 and the circular dated 26 August 2021 of the Company.

For the year ended 31 December 2021, the maximum daily balance of the deposit paid by the Group to Poly Developments and Holdings and its associates pursuant to Parking Space Leasing and Sales Agency Services Framework Agreement amounted to RMB3,000 million, which did not exceed RMB3,000 million, the annual cap for 2021.

For the year ended 31 December 2021, the agency services fee received by the Group from Poly Developments and Holdings and its associates pursuant to Parking Space Leasing and Sales Agency Services Framework Agreement amounted to RMB60.40 million, which did not exceed RMB300 million, the annual cap for 2021.

REVIEW AND APPROVAL OF CONTINUING CONNECTED TRANSACTIONS BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the continuing connected transactions and confirmed that the continuing connected transactions have been entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms or better; and

(3) according to the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

REVIEW AND APPROVAL OF CONTINUING CONNECTED TRANSACTIONS BY AUDITORS

In accordance with Rule 14A.56 of the Listing Rules, the Company's external auditor, BDO Limited, was engaged to report on the Group's continuing connected transactions. The auditor has issued a unqualified letter containing the findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 68 to 79 of this annual report in accordance with Rule 14A.56 of the Listing Rules. The unqualified conclusion of the auditor is set out below:

(1) nothing has come to their attention that causes it to believe that the disclosed continuing connected transactions have not been approved by the Company's Board of Directors;

(2) for transactions involving the provision of services by the Group, nothing has come to their attention that causes it to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(3) nothing has come to their attention that causes it to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(4) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to their attention that causes it to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

A copy of the auditor's letter has been delivered by the Company to the Hong Kong Stock Exchange.

MATERIAL RELATED PARTY TRANSACTIONS

Details of the material related party transactions entered into by the Group during the year ended 31 December 2021 are set out in note 33 to the consolidated financial statements. Certain items in note 33 to the consolidated financial statements also constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules, details of which have been disclosed above.

The Board confirmed that the Company has complied with the applicable requirements in accordance with Chapter 14A of the Listing Rules in respect of the above connected transactions and continuing connected transactions.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group had 44,415 employees (as at 31 December 2020: 44,351 employees). For the year ended 31 December 2021, the total staff costs were approximately RMB4,302.5 million. The Group has established a market-based, competitive and performance-oriented remuneration plan with reference to market standards and employee performance and contributions in order to encourage value creation of employees. The Group also provides employees with employee benefits, including pension funds, medical insurance, work injury insurance, maternity insurance, unemployment insurance and housing provident fund. The First Phase Restricted Share Incentive Scheme and the Initial Grant Proposal have been adopted by the Group on 18 February 2022, which details are set out in the paragraph of "Restricted Share Incentive Scheme" in this annual report.

EMPLOYEE TRAINING AND DEVELOPMENT

The Group places a strong emphasis on recruiting high-quality personnel and provides employees with continuous training programmes and career development opportunities. Through the creation of five key talent teams supply chain, including senior management, project managers, junior project staff, staff from campus recruitment and professionals, we manage to provide comprehensive job training for our employees. For instance, "Galaxy Commanders" is a talent programme for leadership development of senior management in the headquarter and regional offices. "Galaxy Operation Officers" is a programme for development of project managers which is established based on the Company's strategies and business needs, such that a training mechanism of talents that can fit for the critical positions of a project can be established. During the outbreak of the pandemic, we actively responded to the policies that safeguard job stability. Through four recruitment campaigns, namely "Green Channel", "Commander Programme", "Companion Programme", and "Heartwarming Journey", the Group recruited for various professional management positions and project management positions across the country. The Group innovated the form of campus recruitment and through micro interviews with enterprises and live broadcast for campus recruitment in the fall, to provide more jobs for the society.

EVENTS AFTER THE REPORTING DATE

The important events occurred since the year ended 31 December 2021 are disclosed in note 37 to the consolidated financial statements in this annual report.

MATERIAL LITIGATION

During the year ended 31 December 2021, the Company was not engaged in any material litigation or arbitration which could have a material effect on its financial condition or results of operations. So far as our Directors are aware, no such litigation or arbitration of material importance is pending or threatened against the Company.

AUDITOR

The shares of the Company have been listed on the Hong Kong Stock Exchange since 19 December 2019 and there has been no change in the auditor since the Listing Date. The consolidated financial statements for the year ended 31 December 2021 have been audited by BDO Limited, Certified Public Accountants, who will be subject to nomination for re-appointment at the forthcoming annual general meeting.

REVIEW OF ACCOUNTS

The audit committee of the Company was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. The audit committee is delegated by the Board to be responsible for reviewing and monitoring the financial reporting, risk management and internal control systems of the Company, and assist the Board to fulfill its responsibility over the audit of the Group.

The audit committee of the Company reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2021, and discussed with the management of the Group regarding the accounting principles and practices adopted by the Group, and the internal controls and financial reporting matters.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions in the Corporate Governance Code contained in Appendix 14 to the Listing Rules as its own code of corporate governance. The Company complied with all the applicable code provisions of the Corporate Governance Code during the year ended 31 December 2021.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company is subject to various laws and regulations, primarily including the Company Law of the PRC, the Civil Code of the PRC, the Labour Law of the PRC, the Labour Contract Law of the PRC, the Bidding Law of the PRC, the Environmental Protection Law of the PRC, the Production Safety Law of the PRC, the Fire Control Law of the PRC and the Land Administration Law of the PRC as well as the Provisions on Property Management and the Regulations on Safety Supervision of Special Equipment promulgated by the State Council of the PRC.

For the year ended 31 December 2021, the Group's business had complied with the relevant laws and regulations in all material aspects and had not breached or violated any laws and regulations applicable to the Company which would result in a material and adverse impact on the results or financial condition of the Group.

PUBLIC FLOAT

Based on the published information and to the best knowledge of our Directors, for the year ended 31 December 2021 and as at the date of this annual report, the Company maintained sufficient public float in compliance with the Listing Rules.

RELATIONSHIP WITH STAKEHOLDERS

The Group deeply believes that our employees, customers and business partners are key to our sustainable development. The Group strives to achieve corporate sustainability through engaging our employees, providing customers with quality services, collaborating with business partners and supporting public welfare.

The Group places significant emphasis on human resources. The Group provides a fair workplace to employees and embraces inclusiveness and multi-cultural backgrounds. Employees are also provided with competitive remuneration packages and a wide range of opportunities for career advancement based on their performance. The Group administers its health and safety management system for employees and ensures the adoption of the principles throughout the Group. Regular training is provided to employees to keep them abreast of the latest development in the market and industry, in the form of both internal training and training courses provided by external professional organisations.

The Group values the feedback from customers which is obtained through daily communication and other surveys. Moreover, the Group has also established a mechanism for customer service and support. The Group sees rendering services to customers as a valuable opportunity to improve its relationship with customers and will respond promptly.

The Group understands that the role of suppliers is equally important for providing quality services, therefore it has actively cooperated with business partners to provide premium and sustainable services.

ENVIRONMENTAL POLICY AND PERFORMANCE

The Group has been actively promoting sustainable development and environmental protection. It has been proactive in facilitating and achieving effective use of resources during its operation and has strictly complied with laws and regulations in connection with environmental protection and health. At the same time, various types of environmental and public welfare activities were held in the course of its operation to promote the concept of environmental protection to every sector of the society in order to build a green and wonderful future together.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group believes that promoting sustainable development is as important as achieving long-term business growth. It has therefore made continuous efforts to maintain a high degree of sustainable development in its operations. The Group is committed to strengthening its management's efforts to promote a sustainable development plan through good corporate governance, environmental protection, community investment and workplace practices.

To demonstrate the Group's commitment to transparency and accountability to its stakeholders, the Company will issue separately an Environmental, Social and Governance Report under the Environmental, Social and Governance Reporting Guide as specified in Appendix 27 to the Listing Rules. The report will present the Company's commitment to sustainable development during the year under review, and it will cover the significant economic, environmental and social achievements and impacts arising from the activities of the Group and its joint ventures.

By Order of the Board
POLY PROPERTY SERVICES CO., LTD.
Huang Hai
Chairman of the Board and Non-executive Director

Guangzhou, the PRC, 15 March 2022

REPORT OF THE SUPERVISORY COMMITTEE

The Supervisory Committee of the Company is pleased to present the annual report and the Report of the Supervisory Committee of the Group for the year ended 31 December 2021.

During 2021, the Supervisory Committee fulfilled its duties and obligations in a serious manner by various ways including convening Supervisory Committee meetings, participating in shareholders' general meetings, meetings of the Board in accordance with the provisions of the Listing Rules, the Articles of Association and the Rules of Procedure of the Supervisory Committee for the interests of the Shareholders. The Supervisory Committee reviewed the Company's financial accounts, and monitored its management and operation, implementation of resolutions of the shareholders' general meeting, directors' and management's compliance with laws, administrative regulations and the Articles of Association when performing their respective duties.

The Supervisory Committee is of the view that, during 2021, the Company operated strictly in accordance with the requirements of relevant laws and regulations, such as the Listing Rules, and the internal control management system, such as the Articles of Association, and the Directors, senior management of the Company performed their duties diligently and faithfully in accordance with laws, regulations and the Articles of Association, thereby effectively protecting the interests of the Company and the Shareholders.

MEMBERS OF THE SUPERVISORY COMMITTEE AND CHANGES IN THE MEMBERS DURING THE REPORTING PERIOD

The Supervisors of the Company for the year ended 31 December 2021 and up to the date of this report include:

Ms. Liu Huiyan (Chairlady)
Ms. Zhong Yu
Ms. Mu Jing

MAJOR WORK OF THE SUPERVISORY COMMITTEE IN 2021

Convening meetings of the Supervisory Committee according to laws, and earnestly performing supervisory duties

During the reporting period, the Company has convened five meetings of the Supervisory Committee. Supervisors carefully reviewed meeting materials and fully studied and discussed the proposals before attending the meetings of the Supervisory Committee. They attended all meetings of the Supervisory Committee in person and earnestly performed supervisory duties. Details are as follows:

Name	Type of Supervisor	Number of meetings attended/convened	Attendance rate
Liu Huiyan (Chairlady)	Shareholder Representative Supervisor	5/5	100%
Zhong Yu	Shareholder Representative Supervisor	5/5	100%
Mu Jing	Employee Representative Supervisor	5/5	100%

During the reporting period, the members of the Supervisory Committee supervised the procedures and content of the meetings by attending shareholders' general meetings and meetings of the Board, and effectively monitored the Company's decision-making procedures, operation of the Company according to laws, financial condition, and supervised the Directors and the management in the performance of their duties during the course of daily operations of the Company, which safeguarded the legitimate interests of the Company and the Shareholders.

Evaluation on operating behaviours of the Board and the senior management in 2021

During 2021, the Board and the senior management of the Company performed their duties diligently, operated business in compliance with laws, thoroughly learnt about the operation of the Company and conducted adequate discussions so as to make collective decisions on relevant matters of the Company and facilitate the implementation of various resolutions passed by the Board.

During 2021, procedures for making major operating decisions of the Company were legal and valid. The Directors and senior management of the Company were able to conscientiously perform their duties with a pioneering spirit in strict compliance with national laws and regulations, relevant provisions of the Articles of Association and resolutions of shareholders' general meetings and the Board; no Directors or senior management of the Company were found by the Supervisory Committee to have committed any acts in contravention of laws, regulations or the Articles of Association or detrimental to the interests of the Shareholders and the Company.

Independent opinion of the Supervisory Committee on the Company's operation

1 *Lawful operation of the Company*

The Company operated and managed its businesses in accordance with the laws and regulations, and its operational results were objective and true. There has been gradual improvement in its internal control management, and the internal control system was reasonable and effective. The Company's operational decision-making processes were legitimate. The Directors and senior management were cautious, conscientious and diligent in the business operations and management processes, and they were not found to have breached any laws, regulations, or the Articles of Association or harmed the interests of the shareholders.

2 *Financial report of the Company*

The Supervisory Committee of the Company conducted a careful and detailed inspection of the Company's financial condition, and reviewed the Group's audited financial report for the year ended 31 December 2021 and other financial information. It believed that the financial report has reflected the Company's operating results and financial condition in a comprehensive, truthful and objective manner. Financial accounts were unambiguous, accounting and financial management were in compliance with relevant regulations, and no problem was found, and they were not aware of any violation of the relevant accounting standards and legal requirements by the personnel who were involved in the preparation and review of the annual report; the unqualified opinion on financial report issued by the audit firm was objective and fair.

The Supervisory Committee of the Company has also reviewed the profit distribution plan for 2021, and considered that the decision-making and implementation procedures of the profit distribution plan were in compliance with the relevant laws and regulations and were in the interests of the Shareholders.

MAJOR INITIATIVES OF THE SUPERVISORY COMMITTEE FOR 2022

In 2022, the Supervisory Committee will work diligently and faithfully under relevant requirements of the Listing Rules, the Articles of Association and the Rules of Procedure of the Supervisory Committee, implement effective supervision on the Company, Directors and senior management, closely monitor the operation and management of the Company, pay attention to any significant development of the Company to promote sustainable development of the Company, and faithfully safeguard the interests of the Shareholders and the Company as a whole. Meanwhile, the Supervisory Committee will further integrate supervision resources, procure improvement in management, assist in and ensure successful realisation of the Company's work targets for 2022.

TO THE SHAREHOLDERS OF POLY PROPERTY SERVICES CO., LTD.
(incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Poly Property Services Co., Ltd. (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 92 to 180, which comprise the consolidated statements of financial position as at 31 December 2021, 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 the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessing potential impairment of goodwill

Refer to summary of significant accounting policies in Note 3, accounting estimates and judgements in Note 4 and disclosure of goodwill in Note 17 to the consolidated financial statements.

As at 31 December 2021, the Group's goodwill, which amounted to RMB64,897,000, was allocated to the cash generating units ("**CGUs**"), representing Poly Huichuang (Chongqing) City Comprehensive Service Co., Ltd ("**Poly Huichuang Chongqing**"), Hunan Poly Tianchuang Property Development Co., Ltd ("**Hunan Poly Tianchuang**") and Chengdu Vastrong Property Development Co., Ltd ("**Vastrong Property**").

An annual impairment assessment of goodwill is performed by management. The recoverable amounts of the assets allocated to the property management business operated by Poly Huichuang Chongqing, Hunan Poly Tianchuang and Vastrong Property respectively are determined by management based on value in use calculations.

The value in use was estimated by preparing discounted cash flow forecasts. The preparation of discounted cash flow forecasts involves the exercise of significant management judgement, in particular in forecasting future revenue, future gross profit margins and future operating and administrative expenses and in determining the long-term growth rates and discounted rates applied.

No impairment losses of goodwill were recognised for the year ended 31 December 2021 as the recoverable amounts of the CGUs as determined on the basis set out above were higher than the carrying amounts.

We identified assessing potential impairment of goodwill as a key audit matter because the impairment assessment prepared by management is complex and involves a significant degree of judgement in determining the assumptions, particular the long term growth rates and the discount rates applied, and could be subject to management bias.

OUR RESPONSE

Our procedures in relation to assess potential impairment of goodwill included the following:

(i) Evaluating management's identification of CGUs and the amount of goodwill and asset allocated to the CGUs.

(ii) Using our independent and qualified valuation specialists to assist us in evaluating the methodology used by management in the preparation of the discounted cash flow forecasts with reference to the requirements of the prevailing accounting standards.

(iii) Comparing the significant inputs used in the discounted cash flow forecasts, including future revenue, future gross profit margins and future operating and administrative expenses with the relevant data in the financial budgets approved by the board of directors, industry reports and agreements signed subsequent to the reporting date, if any.

(iv) Comparing the significant inputs used in discounted cash flow forecasts prepared in the prior year with the current year's performance to assess how accurate the prior year's discounted cash flow forecasts were and making enquiries of management as to the reasons for any significant variations identified.

(v) Assessing the long-term growth rate and discount rate used in the discounted cash flow forecasts by benchmarking against other similar property management companies;

(vi) Obtaining sensitivity analyses of the key assumptions adopted in the discounted cash flow forecasts prepared by management and considering the resulting impact on the impairment charges for the year and whether there were any indicators of management bias.

(vii) Considering the disclosures in the consolidated financial statements in respect of the impairment assessment of goodwill, including the key assumptions and sensitivities to changes in such assumptions, with reference to the requirements of the prevailing accounting standards.

Impairment assessment of trade receivables

Refer to summary of significant accounting policies in Note 3, accounting estimates and judgements in Note 4 and disclosure of impairment on trade receivables in Note 19 to the consolidated financial statements.

As at 31 December 2021, the gross amount of the Group's trade receivables totalled RMB1,481.7 million, against which a loss allowance of RMB59.4 million was made. The net carrying value of the Group's trade receivables represented approximately 12.8% of the total assets of the Group as at 31 December 2021.

The Group's loss allowance for trade receivables applies the simplified approach to calculate expected credit losses ("**ECLs**"), which is measured at an amount equal to lifetime expected credit losses. This approach is based on management's estimated loss rates for trade receivables. The estimated loss rates take into account the ageing of the trade receivables, overdue balances and information regarding the ability and intent of the debtor to pay and historical data on default rates and forward looking information.

Management is required to apply judgement in assessing the loss allowance for trade receivables under the ECLs model. The ability of the debtors to repay the Group depends on shared credit risk characteristics of trade receivables groups and market conditions which involves inherent uncertainty.

We identified the loss allowance for trade receivables as a key audit matter because of the inherent uncertainty in assessing if trade receivables will be recovered and because the assessment of the ECLs requires the exercise of management judgement.

OUR RESPONSE

Our procedures in relation to management's impairment assessment on trade receivables included the following:

(i) Obtaining an understanding of and assessing management's key controls relating to credit control, debt collection and the calculation of the ECLs;

(ii) Assessing the trade receivables ageing report by group based on shared credit risk characteristics and the days past due by comparing the details of individual items with underlying invoices on a sample basis;

(iii) Obtaining an understanding of the basis of management's approach to measuring ECLs of trade receivable balances and assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjust based on current economic conditions and forward-looking information;

(iv) Comparing cash receipts from debtors subsequent to the financial year end relating to trade receivable balances at 31 December 2021 with bank statements and relevant underlying documentation on a sample basis.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants

Wan Che Bun
Practising Certificate Number P05804
Hong Kong, 15 March 2022

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

		Year ended 31 December	
	Notes	**2021** **RMB'000**	2020 RMB'000
Revenue	6	**10,782,549**	8,037,156
Cost of services		**(8,767,909)**	(6,538,095)
Gross profit		**2,014,640**	1,499,061
Other income and other net gain/(loss)	7	**153,909**	210,477
Selling and marketing expenses		**(9,460)**	(15,187)
Administrative expenses		**(1,006,025)**	(769,722)
Share of associates'/joint venture' results		**21,915**	17,745
Finance cost		**(10,563)**	(4,805)
Other expense		**(1,979)**	(2,377)
Profit before income tax expense	8	**1,162,437**	935,192
Income tax expense	9	**(291,553)**	(239,077)
Profit for the year		**870,884**	696,115
Profits for the year attributable to:			
— Owners of the Company		**845,693**	673,525
— Non-controlling interests		**25,191**	22,590
Profit for the year		**870,884**	696,115
Other comprehensive income, net of tax			
Items that will not be reclassified subsequently to profit or loss:			
Financial assets at fair value through other comprehensive income ("**FVTOCI**")			
— Change in fair value		**7,000**	(8,000)
Profits and total comprehensive income for the year		**877,884**	688,115
Profits and total comprehensive income for the year attributable to:			
— Owners of the Company		**852,693**	665,525
— Non-controlling interests		**25,191**	22,590
Profits and total comprehensive income for the year		**877,884**	688,115
Earnings per share (expressed in RMB per share)			
Basic and diluted earnings per share	11	**1.53**	1.22

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

		As at 31 December	
	Notes	**2021** **RMB'000**	2020 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in associates/joint venture	13	**72,985**	43,720
Property, plant and equipment	14	**199,506**	161,770
Leased assets and investment properties	15	**704,039**	180,403
Financial assets at fair value through other comprehensive income ("**FVTOCI**")	16	**12,000**	5,000
Intangible assets	17	**125,126**	136,137
Prepayments for property, plant and equipment	20	**13,327**	5,196
Deferred tax assets	26	**20,372**	13,303
		1,147,355	545,529
Current assets			
Inventories	18	**50,559**	50,636
Trade and bills receivables	19	**1,424,778**	888,057
Prepayments, deposits and other receivables	20	**824,659**	511,858
Deposits and bank balances	21	**7,690,572**	7,448,102
		9,990,568	8,898,653
Current liabilities			
Trade payables	22	**803,640**	397,096
Accruals and other payables	23	**1,780,840**	1,246,828
Lease liabilities	25	**35,851**	211,476
Contract liabilities	6	**1,381,095**	1,181,881
Income tax payable		**134,736**	92,478
		4,136,162	3,129,759
Net current assets		**5,854,406**	5,768,894
Total assets less current liabilities		**7,001,761**	6,314,423

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Notes	As at 31 December 2021 RMB'000	2020 RMB'000
Non-current liabilities			
Other financial liabilities	24	**21,337**	22,716
Lease liabilities	25	**78,741**	26,645
Deferred tax liabilities	26	**12,921**	18,283
		112,999	67,644
Net assets		**6,888,762**	6,246,779
EQUITY			
Capital and reserves attributable to owners of the Company			
Capital	27	**553,333**	553,333
Reserves		**6,232,333**	5,617,573
Equity attributable to owners of the Company		**6,785,666**	6,170,906
Non-controlling interests		**103,096**	75,873
Total equity		**6,888,762**	6,246,779

The consolidated financial statements on pages 92 to 180 were approved and authorised for issue by the board of directors and are signed on its behalf by:

Huang Hai
Director

Wu Lanyu
Director

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2021

		Reserves							
	Capital RMB'000	Share premium* RMB'000 (Note a)	Capital reserves* RMB'000	Statutory reserves* RMB'000 (Note b)	Fair value reserves* RMB'000 (Note c)	Retained profits* RMB'000	Equity attributable to owners of the Company RMB'000	Non-Controlling interests RMB'000	Total RMB'000
1 January 2020	533,333	3,939,585	5,594	93,409	11,500	472,066	5,055,487	66,761	5,122,248
Profit for the year	—	—	—	—	—	673,525	673,525	22,590	696,115
Unrealised fair value change on financial assets at FVTOCI	—	—	—	—	(8,000)	—	(8,000)	—	(8,000)
Shares issued pursuant to the over-allotment of shares	20,000	602,098	—	—	—	—	622,098	—	622,098
Transaction cost attributable to the over-allotment of shares	—	(6,204)	—	—	—	—	(6,204)	—	(6,204)
Capital contribution by non-controlling shareholders	—	—	—	—	—	—	—	9,131	9,131
Appropriation of statutory reserves	—	—	—	55,386	—	(55,386)	—	—	—
Other	—	—	—	—	—	—	—	(14,612)	(14,612)
Acquisition of subsidiaries	—	—	—	—	—	—	—	14,901	14,901
Dividend approved in respect of the previous year	—	—	—	—	—	(166,000)	(166,000)	(22,898)	(188,898)
At 31 December 2020 and 1 January 2021	**553,333**	**4,535,479**	**5,594**	**148,795**	**3,500**	**924,205**	**6,170,906**	**75,873**	**6,246,779**
Profit for the year	**—**	**—**	**—**	**—**	**—**	**845,693**	**845,693**	**25,191**	**870,884**
Unrealised fair value change on financial assets at FVTOCI	**—**	**—**	**—**	**—**	**7,000**	**—**	**7,000**	**—**	**7,000**
Capital contribution by non-controlling shareholders	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**4,410**	**4,410**
Appropriation of statutory reserves	**—**	**—**	**—**	**73,745**	**—**	**(73,745)**	**—**	**—**	**—**
Dividend approved in respect of the previous year	**—**	**—**	**—**	**—**	**—**	**(237,933)**	**(237,933)**	**(2,378)**	**(240,311)**
At 31 December 2021	**553,333**	**4,535,479**	**5,594**	**222,540**	**10,500**	**1,458,220**	**6,785,666**	**103,096**	**6,888,762**

* The total of these amounts as at the reporting dates represents "Reserves" in the consolidated statements of financial position.

Notes:

(a) Share premium account of the Company represents the excess of the proceeds received over the nominal value of the Company's share issued.

(b) Statutory reserves represented the amount transferred from net profit for the year of the subsidiaries established in the People's Republic of China ("**PRC**") (based on the subsidiaries PRC statutory financial statements) in accordance with the relevant PRC laws until the statutory reserves reach 50% of the registered capital of the subsidiaries. The statutory reserves cannot be reduced except either in setting off the accumulated losses or increasing capital.

(c) Fair value reserves represented the cumulative net change in the financial assets at FVTOCI held at the end of each year and is dealt with in accordance with the accounting policy set out in Note 3.13.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
		Year ended 31 December	
Cash flows from operating activities			
Cash generated from operations	36	**1,721,532**	757,632
Income tax paid		**(261,726)**	(203,995)
Interest paid		**(10,563)**	(4,805)
Net cash generated from operating activities		**1,449,243**	548,832
Cash flows from investing activities			
Payment for acquisition of subsidiaries, net of cash acquired		**(19,394)**	1,295
Purchase of property, plant and equipment		**(66,242)**	(54,398)
Purchase of leased assets and other investment properties		**(855,208)**	—
Payment for acquisition of associates		**(7,350)**	—
Proceeds from disposal of property, plant and equipment		**413**	1,248
Bank interest income received		**80,477**	99,635
Other interest income received		**21,043**	19,315
Deposits paid for acquisition of property, plant and equipment		**(12,042)**	(7,290)
Net cash (used in)/generated from investing activities		**(858,303)**	59,805
Cash flows from financing activities			
Dividends paid to owners of the Company		**(237,933)**	(166,000)
Dividends paid to non-controlling interests		**(2,378)**	(36,478)
Payment of lease liabilities		**(103,905)**	(37,767)
Proceed from shares issued pursuant to the public offering and placing or over-allotment		**—**	622,098
Transaction costs attributable to the public offering and placing or over-allotment of shares		**—**	(88,654)
Capital injection from non-controlling interests		**4,410**	9,131
Net cash (used in)/generated from financing activities		**(339,806)**	302,330
Net increase in cash and cash equivalents		**251,134**	910,967
Cash and cash equivalents at beginning of the year		**7,448,102**	6,508,618
Effect of exchange rate changes on cash and cash equivalents		**(8,664)**	28,517
Cash and cash equivalents at end of the year		**7,690,572**	7,448,102

1. GENERAL INFORMATION

The Company was incorporated in the PRC on 26 June 1996 under the PRC Companies Law. On 25 October 2016, the Company was converted from a limited liability company into a joint stock company with limited liability. The address of the Company's registered office is located at Room 201–208, 688 Yue Jiang Zhong Road, Hai Zhu District, Guangzhou, Guangdong Province, the PRC. The Company's principal place of business is located at the PRC.

The Company was listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 19 December 2019.

The parent company is Poly Developments and Holdings Group Co., Ltd ("**Poly Developments and Holdings**") whose shares are listed on the Mainboard of Shanghai Stock Exchange in the PRC. The ultimate holding company is China Poly Group Corporation Limited ("**China Poly Group**"), a state-owned enterprise established in the PRC.

The Company and its subsidiaries (the "**Group**") are principally engaged in provision of property management services, community value-added services and value-added services to non-property owners in the PRC.

The consolidated financial statements were authorised for issue by the Board of Directors on 15 March 2022.

2. ADOPTION OF NEW AND REVISED STANDARDS

2.1 Adoption of new and revised standards — effective on 1 June 2020

The Hong Kong Institute of Certified Public Accountants has issued a number of new or amended Hong Kong Financial Reporting Standards (the "**HKFRSs**") and Hong Kong Accounting Standards (the "**HKASs**") that are first effective and adopted for the current accounting period of the Group:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform-Phase 2
Amendments to HKFRS 16	Covid-19-Related Rent Concessions

The new or amended HKFRSs and HKASs that are effective from 1 June 2020 did not have any significant impact on the Group's accounting policies.

2. ADOPTION OF NEW AND REVISED STANDARDS (Continued)

2.2 New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the HKICPA that are effective in future accounting periods that the Group has decided not to adopt early.

Amendment to HKFRS 16	Covid-19-related rent concessions beyond 30 June 2021[1]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[2]
Amendments to HKAS 16	Proceeds before Intended Use[2]
Annual Improvements to HKFRSs 2018–2020 cycle	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards, HKFRS 9 Financial Instruments, HKFRS 16 Leases and HKAS 41 Agriculture[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to HKAS 1 and HKFRS Practice Statement	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
HK Interpretation 5 (2021)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 April 2021 with earlier application permitted.

2 Effective for annual periods beginning on or after 1 January 2022.

3 Effective for annual periods beginning on or after 1 January 2023.

4 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRS**") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3.2 Basis of measurement and going concern assumption

The consolidated financial statements have been prepared on the historical cost basis except for financial assets at fair value through other comprehensive income ("**FVTOCI**") (see Note 3.13), which are stated at their fair values and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

It should be noted that accounting estimates and assumptions are used in the preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and other factors, actual results may ultimately differ from those estimates. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

3.3 Functional and presentation currency

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company.

3.4 Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries ("**the Group**"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Business combination and basis of consolidation (Continued)

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets.

All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

3.5 Subsidiary

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

3.6 Associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Associate (Continued)

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

In the Company's statement of financial position, associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Company's share of the post-acquisition change in the associates' net assets except that losses in excess of the Company's interest in the associate are not recognised unless there is an obligation to make good those losses.

3.7 Joint arrangements

The group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The group classifies its interests in joint arrangements as either:

- Joint ventures: where the group has rights to only the net assets of the joint arrangement; or

- Joint operations: where the group as both the rights to assets and obligations for the liabilities of the joint arrangement

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Joint arrangements (Continued)

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The Group accounts for its interests joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

The Company accounts for its interests in joint venture in the same manner as investments in associates (i.e. using the equity method — see note 3.6).

3.8 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

— fair values of the assets transferred

— liabilities incurred to the former owners of the acquired business

— equity interests issued by the group

— fair value of any asset or liability resulting from a contingent consideration arrangement, and

— fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8 Business combinations (Continued)

Acquisition-related costs are expensed as incurred.

The excess of the

— consideration transferred,

— amount of any non-controlling interest in the acquired entity, and

— acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

3.9 Intangible assets

a) Goodwill

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or the groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount (see Note 3.20), and whenever there is an indication that the unit may be impaired.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Intangible assets (Continued)

a) *Goodwill (Continued)*

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit on a pro-rata basis based on the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

b) *Property management contracts*

Property management contracts acquired in a business combination are recognised at fair value at the acquisition date. The property management contracts have finite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the contracts, which is range of three to ten years.

Intangible assets arising from these property management contracts with finite lives are tested for impairment when there is an indication that an asset may be impaired (see Note 3.20).

3.10 Property, plant and equipment

Property, plant and equipment including buildings, leasehold improvements, computer equipment, electronic equipment, transportation equipment and furniture and equipment in the production or supply of goods and services, or for administrative purposes as described below are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or derecognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Property, plant and equipment (Continued)

Property, plant and equipment are depreciated so as to write off their costs net of estimated residual values over their estimated useful lives on straight line method. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each year. The useful lives are as follows:

Leasehold improvements	shorter of the unexpired lease terms and their useful lives
Computer equipment	3–10 years
Electronic equipment	3–5 years
Transportation equipment	5–10 years
Furniture and equipment	3–8 years
Buildings	20–40 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

Right-of-use assets included the rights to use certain properties under leases which are measured at cost. The initial costs of right-of use assets include the following:

— the amount of the initial measurement of lease liability

— any lease payments made at or before the commencement date

— any initial direct costs, and

— restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

3.11 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method/first-in first-out method. Net realisable value represents 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Leased assets and investment properties

Leased assets and investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Leased assets and investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, leased assets and investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of leased assets and investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

If a leased asset and investment property becomes a property, plant and equipment because its use has changed as evidence by the commencement of owner-occupation, the carrying amount of the property at the date of transfer is transferred to property, plant and equipment.

A leased asset and investment property is derecognised upon disposal or when the leased asset and investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3.13 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value.

A financial asset or financial liability (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("**FVTPL**"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(a) Financial assets

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Financial instruments (Continued)

(a) Financial assets (Continued)

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables, the Group adopted a "three-stage" model for impairment based on changes in credit quality since initial recognition as summarised below:

- The receivable is not credit-impaired on initial recognition is classified in "Stage 1" and has its credit risk continuously monitored by the Group;

- If a significant increase in credit risk since initial recognition is identified, the receivables is moved to "Stage 2" but is not yet deemed to be credit impaired;

- If the receivables is credit-impaired, the financial instrument is then moved to "Stage 3".

Receivables in Stage 1 have their expected credit loss measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stage 2 or 3 have their expected credit loss measured based on expected credit losses on a lifetime basis.

When measuring expected credit loss, the Group considers forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Financial instruments (Continued)

(a) Financial assets (Continued)

Measurement of ECLs

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

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in 'other income' when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in 'other gains — net' as applicable. Changes in fair value on equity investments measured at financial assets at FVTOCI are reported separately from other changes in fair value.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Financial instruments (Continued)

(a) *Financial assets (Continued)*

Credit-impaired financial assets

At each reporting date, the Group assesses on a forward looking basis whether financial assets carried at amortised cost are 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 data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the consolidated statements of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(b) *Financial liabilities and equity instruments*

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Financial instruments (Continued)

(b) Financial liabilities and equity instruments (Continued)

Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables issued by the Group are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Financial instruments (Continued)

(b) Financial liabilities and equity instruments (Continued)

Financial liabilities at fair value through profit or loss (Continued)

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise, except for the gains and losses arising from the Group's own credit risk which are represented in other comprehensive income with no subsequent reclassification to the consolidated statement of profit or loss. The net fair value gain or loss recognised in the consolidated statement of profit or loss does not include any interest charged on these financial liabilities.

3.14 Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand as well as short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.15 Revenue recognition

The Group provides property management services, value-added services to non-property owners and community value-added services. Revenue from providing services is recognised in the accounting period in which the services are rendered.

For property management services, the Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

(i) Property management services

For property management services income from properties managed under lump sum basis, where the Group acts as principal and is primary responsible for providing the property management services to the property owners, the Group recognises the fee received or receivable from property owners as its revenue and all related property management costs as its cost of services.

For property management services income from properties managed under commission basis, the Group recognises the commission, which is calculated by certain percentage of the total property management fee received or receivable from the property units, as its revenue for arranging and monitoring the services as provided by other suppliers to the property owners.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Revenue recognition (Continued)

(ii) Value-added services to non-property owners

Value-added services to non-property owners mainly includes preliminary planning and design consultancy services to property developers or other property management service providers and cleaning, security, greening and repair and maintenance services to property developers at the pre-delivery stage. The Group agrees the price for each service with the customers upfront and issues the monthly bill to the customers which varies based on the actual level of service completed in that month.

(iii) Community value-added services

For community value-added services, revenue is recognised when the related community value-added services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered to the customer.

If contracts involve the sale of multiple services, the transaction price will be 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.

Revenue from sales of goods is recognised when the Group has delivered the goods to the purchaser and the collectability of related consideration is reasonable assured.

When either party to a contract has performed, the Group presents the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer. Incremental costs incurred to obtain a contact, if recoverable, are capitalised and presented as assets and subsequently amortised when the related revenue is recognised.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers services to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Revenue recognition (Continued)

(iv) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(v) Rental income

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leases below.

3.16 Leases

The Group leases various properties either as its office, for subleasing purpose or to provide community value-adding services. Property leases are made for fixed periods of one to ten years. Lease terms are negotiated on an individual basis and contain various different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Property leases are recognised as right-of-use assets and the corresponding liabilities at the date of which the respective leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments that are not paid at the commencement date of the lease:

— fixed payments (including the in-substance fixed payments), less any lease incentives receivable

— variable lease payment that are based on an index or a rate

— amounts expected to be payable by the lessee under residual value guarantees

— the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and

— payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Subsequent to the commencement date, the Group measures the lease liability by:

(i) increasing the carrying amount to reflect interest on the lease liability;

(ii) reducing the carrying amount to reflect the lease payments made; and

(iii) remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.16 Leases (Continued)

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months. Low-value assets comprise IT-equipment and small items of office furniture.

Extension and termination options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. All extension options held are exercisable only by the Group and not by the respective lessor. The Group considers all facts and circumstances that create an economic incentive to exercise such options in determining the lease term. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects the assessment.

Variable lease payments that are not based on an index or a rate are not part of the lease liability, but they are recognised in the consolidated statements of comprehensive income when the event or condition that triggers those payments occurs.

Right-of-use assets for own use are included in property, plant and equipment.

Accounting as a lessor

Right-of-use assets for leased properties held for sub-leases under operating lease meet the definition of investment properties.

The Group leases certain of its leased properties under operating lease arrangements with leases negotiated as short-term to third-party and related companies. In general, short-term refers to a period of approximately 1–12 months.

At the date of initial application, leased properties held for sub-leases were assessed whether the sub-leases classified as an operating lease or finance lease individually based on the remaining contractual terms and conditions of the head lease and the sub-lease at that date. In the case of all sub-leases that are classified as operating lease, the related right-of-use assets of RMB689,722,000, net of corresponding accumulated depreciation of RMB164,521,000, are classified as investment properties and are measured under the cost model in accordance with the Group's accounting policies for investment properties.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and such costs are recognised as an expense on a straight-line basis over the lease term.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.17 Foreign currency translation

Transactions entered into by the Group entities in currencies other than the currency of the primary economic environment in which they operate (the "**functional currency**") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of each year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

3.18 Income tax

Income tax for the year 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 items recognised in other comprehensive income or directly in equity, in which case the relevant amount 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 year, using tax rates enacted or substantively enacted at the end of the years, and any adjustment to tax payable in respect of previous years.

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 goodwill not deductible for tax purposes, 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, associates or joint venture to the extent that, in the case of taxable differences, the 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 Income tax (Continued)

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 years. Deferred tax assets and liabilities are not discounted.

The carrying amount of deferred tax assets is reviewed at the end of each years and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset 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 Company or the 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 Company or the 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.

3.19 Employee benefits

(a) Defined contribution retirement plan

Pursuant to the relevant regulations of the PRC government, the Group participates in a central pension scheme operated by the local municipal government (the "**Scheme**"), whereby the Group in the PRC is required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiary of the Company. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme. Contributions under the Scheme are charged to profit or loss as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.19 Employee benefits (Continued)

(b) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the years in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

3.20 Impairment of other assets

At the end of the years, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- interest in subsidiaries;
- leased assets and investment properties;
- property, plant and equipment;
- interests in associates/joint venture;
- property management contracts; and
- goodwill

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

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 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 whenever 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 to reduce the carrying amount of the assets in the cash generating unit (or group of units) on a pro-rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use, (if determinable).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.20 Impairment of other assets (Continued)

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 years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

3.21 Government grant

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are deducted in reporting the related expense or recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted the grant in calculating the carrying amount of the asset that is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense. An unconditional government grant is recognised in profit or loss as other revenue when the grant becomes receivable.

3.22 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product lines.

For the purposes of assessing segment performance and allocating resources between segments, the directors assess segment profit or loss by gross profit or loss as measured in HKFRS financial statements.

For the purpose of presenting geographical location of the Group's revenue from external customers and the Group's non-current assets, country of domicile is determined by reference to the country where the majority of the Company's subsidiaries operate.

3.23 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation 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 benefit is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.24 Related parties

For the purposes of the Financial Information, a party is considered to be related to the Group if:

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

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

  (ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

  (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Company'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 and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results 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. Our key sources of estimation uncertainty are as follows:

(i) Useful lives of property, plant and equipment

The Group determines the estimated useful lives, and related depreciation charges for its property, plant and equipment. The estimates are based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charges where useful lives are less than previously estimated useful lives. It will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in estimated useful lives and therefore affect the depreciation charges in future periods.

(ii) Impairment of financial assets

The Group estimates the loss allowances for trade receivables and other receivables by assessing the ECLs. This requires the use of estimates and judgements. ECLs are based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of reporting period. Where the estimation is different from the original estimate, such difference will affect the carrying amounts of receivable and thus the impairment loss in the period in which such estimate is changed.

(iii) Income taxes and deferred tax

Significant judgement is required on the interpretation of tax laws and legislations during the estimation of the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome is different from the amounts that were initially recorded, such differences would impact the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

Deferred tax assets are recognised for all unused tax losses and unabsorbed depreciation allowances to the extent that it is probable that future taxable profits would be available against which the losses and other deductible temporary differences could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(iv) Impairment of non-financial assets (Other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each years. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on such available data as binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(v) Fair value measurement

The fair value measurement of the Group's leased assets and investment properties for disclosure, financial assets at FVTOCI and financial liability at FVTPL utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

— Level 1: Quoted prices in active markets for identical items (unadjusted);

— Level 2: Observable direct or indirect inputs other than Level 1 inputs;

— Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

(vi) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 3.20. The recoverable amounts have been determined based on value-in-use calculations. These calculations require the use of estimates.

Judgement is required to determine key assumptions adopted in the valuation models for impairment review purpose. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the key assumption applied, it may be necessary to take additional impairment charge to the consolidated statements of comprehensive income.

5. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segment, has been identified as the executive directors of the Company.

Information about major customer

For the years ended 31 December 2021 and 2020, revenue from a Shareholder — Poly Developments and Holdings and its subsidiaries ("**Poly Developments and Holdings Group**") contributed 14.0%, and 15.1% of the Group's revenue respectively. Other than the Poly Developments and Holdings Group, the Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the years ended 31 December 2021 and 2020.

Operating segment information

The Group is principally engaged in the provision of property management services, community value-added services and value-added services to non-property owners in the PRC. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the chief operating decision-maker of the Company regards that there is only one segment which is used to make strategic decisions.

Information about geographical areas

The major operating entity of the Group is domiciled in the PRC. Accordingly, all of the Group's revenue was derived in the PRC during the years ended 31 December 2021 and 2020.

As at 31 December 2021 and 2020, all of the non-current assets were located in the PRC.

6. REVENUE

Revenue mainly comprises of proceeds from property management services, community value-added services and value-added services to non-property owners. An analysis of the Group's revenue by category for the years ended 31 December 2021 and 2020 was as follows:

	Revenue from customers and recognised	Year ended 31 December 2021 RMB'000	2020 RMB'000
Property management services	over time	**6,670,397**	4,947,555
Value-added services to non-property owners			
— Pre-delivery services and other value-added services to non-property owners	over time	**1,506,387**	1,305,802
— Rental income	over the lease term	**304,844**	35,449
Community value-added services			
— Other community value-added services	over time	**1,506,489**	1,089,828
— Sales of goods	at a point in time	**794,432**	658,522
		10,782,549	8,037,156

For property management services, the performance obligation is satisfied upon services provided and for property management services provided to the public services projects, most of the credit term granted to customers range from 30 to 90 days in general. For value-added services to non-property owners, the performance obligation is satisfied upon services provided. For community value-added services, the performance obligation is satisfied upon services provided and the service income is due for payment by the residents upon issuance of demand note.

(a) Unsatisfied performance obligations

For property management services and value-added services to non-property owners, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts. The majority of the property management service contracts do not have a fixed term. The term of the contracts for value-added services to non-property owners is generally set to expire when the counterparties notify the Group that the services are no longer required.

For community value-added services, they are rendered in short period of time and there is no unsatisfied performance obligation at the end of respective periods.

(b) Assets recognised from incremental costs to obtain a contract

During the years ended 31 December 2021 and 2020, there was no significant incremental costs to obtain a contract.

6. REVENUE (Continued)

(c) Details of contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Contract liabilities	**1,381,095**	1,181,881

(i) Significant changes in contract liabilities

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. Such liabilities increase as a result of the growth of the Group's business.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current year's carried-forward contract liabilities.

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
Property management services	**1,003,276**	745,852
Community value-added services	**86,585**	77,014
Value-added services to non-property owners	**14,080**	11,453
	1,103,941	834,319

7. OTHER INCOME AND OTHER NET GAIN/(LOSS)

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Other income:		
Bank interest income	**80,088**	98,413
Other interest income (Note a)	**21,644**	20,403
Government grants and tax incentives (Note b)	**81,552**	85,358
Penalty income	**2,277**	1,565
Others	**1,364**	822
	186,925	206,561
Other net gain/(loss):		
Gain on modification of lease contracts, net	**8,942**	—
Loss on disposal of property, plant and equipment	**(190)**	(59)
Impairment loss on trade receivables	**(22,765)**	(21,203)
Impairment loss on other receivables	**(7,869)**	(4,112)
Impairment loss on interests in associates	**(1,309)**	—
Exchange (loss)/gain, net	**(8,872)**	29,290
Change in fair value of financial liabilities at fair value through profit and loss ("**FVTPL**")	**(953)**	—
	153,909	210,477

Notes:

(a) Other interest income during the years ended 31 December 2021 and 2020 mainly represented the interest received from the amount due from Poly Developments and Holdings Group and from the amount due from a related party, which is unsecured, interest-bearing and repayable on demand. Interest was also received from the deposit maintained with a fellow subsidiary, Poly Finance Company Limited ("**Poly Finance**"), which is unsecured, interest-bearing and repayable on demand or with a 7-day notice.

(b) Government grants mainly represented the financial support received from the local government as an incentive for business development and there are no unfulfilled conditions attached to the government grants. Tax incentives mainly included additional deduction of input value-added tax applicable to the Company and its certain subsidiaries.

8. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging the following:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Auditor's remuneration	**2,992**	2,600
Depreciation of property, plant and equipment	**70,527**	60,643
Depreciation of leased assets and investment properties	**240,653**	35,495
Amortisation of intangible assets	**11,011**	7,436
Impairment loss on trade receivables	**22,765**	21,203
Impairment loss on other receivables	**7,869**	4,112
Short-term leases expenses	**48,367**	51,607
Finance cost — interest on lease liabilities	**10,563**	4,805
Staff costs (including directors' emoluments — Note 12):		
Salaries and bonus	**3,739,219**	3,233,559
Pension costs, housing funds, medical insurances and other social insurances	**563,270**	293,165
	4,302,489	3,526,724

9. INCOME TAX EXPENSE

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Current tax		
Tax for the current year and prior years	**303,984**	247,379
Deferred tax (Note 26)		
Credited to profit or loss for the year	**(12,431)**	(8,302)
	291,553	239,077

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong for the years ended 31 December 2021 and 2020. The current tax during the year ended 31 December 2021 included the under-provision of RMB3,442,000 (2020: RMB4,418,000) in prior years.

Corporate income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof. The general corporate income tax rate in the PRC under the PRC Corporate Income Tax Law is 25%. Certain subsidiaries of the Group in PRC are either located in cities of Western China or qualified as small and micro enterprise, and are subjected to a preferential income tax rate of 15% or 5% in certain years.

9. INCOME TAX EXPENSE (Continued)

The income tax expense for the years can be reconciled to the profit before income tax expense per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Profit before income tax expense	**1,162,437**	935,192
Tax calculated at the rates applicable to profits in the tax jurisdictions concerned	**290,609**	233,798
Tax effect of share of result of associates/joint venture	**(5,479)**	(4,436)
Tax effect of expenses not deductible for tax purposes (Note)	**25,593**	24,495
Tax effect of income not taxable for tax purposes	**(2,431)**	(1,024)
Utilisation of tax losses previously not recognised	**(1,371)**	(5,089)
Tax effect of other temporary differences recognised	**(12,431)**	(8,302)
Tax effects of different tax rates applicable to different subsidiaries of the Group	**(6,379)**	(4,783)
Under-provision in prior year	**3,442**	4,418
Income tax expense	**291,553**	239,077

Note: The nature of "Tax effect of expenses not deductible for tax purposes" mainly represented the impairment losses of trade receivables and other receivables recognised and the entertainment expenses and some miscellaneous non-deductible expenses incurred during the years ended 31 December 2021 and 2020.

10. DIVIDENDS

During the year ended 31 December 2020, dividend of RMB166,000,020 (tax inclusive) in respect of 2019 was declared and paid.

During the year ended 31 December 2021, dividend of RMB237,933,362 (tax inclusive) in respect of 2020 was declared and paid.

Subsequent to the end of the reporting period, the directors proposed an annual dividend of RMB0.305 per share (tax inclusive) in respect of 2021, total amounted to RMB168,766,687 (tax inclusive). The annual dividend amount which shall be subject to the approval of the Shareholders at the annual general meeting to be held on 8 June 2022 has not been recognised as a liability at the end of the reporting period.

11. EARNINGS PER SHARE

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Profits		
Profit attributable to owners of the Company	**845,693**	673,525

	Year ended 31 December	
	2021	2020
	Number'000	Number'000
Number of shares		
Weighted average number of ordinary shares (Note)	**553,333**	552,459
Basic and diluted earnings per share (RMB)	**1.53**	1.22

Note: Weighted average of 552,459,000 ordinary shares for the year ended 31 December 2020 includes the weighted average of 20,000,000 ordinary shares issued due to over-allotment, in addition to the 533,333,400 ordinary shares for the year ended 31 December 2019.

Diluted earnings per share were the same as the basic earnings per share as the Group had no dilutive potential shares for the years ended 31 December 2021 and 2020.

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' and supervisors' emoluments

Details of directors' and supervisors' emoluments are as follows:

	Fees RMB'000	Salaries, allowance and benefit in kind RMB'000	Performance-based bonus RMB'000	Pension costs, housing funds, medical insurances and other social insurances RMB'000	Total RMB'000
Year ended 31 December 2020					
Directors					
Mr. Huang Hai	—	—	—	—	—
Mr. Liu Ping	—	—	—	—	—
Mr. Hu Zaixin	—	—	—	—	—
Mr. Li Jiahe	—	462	1,691	40	2,193
Ms. Wu Lanyu	—	926	1,931	96	2,953
Mr. Wang Xiaojun	150	—	—	—	150
Ms. Tan Yan	150	—	—	—	150
Mr. Wang Peng	—	—	—	—	—
Supervisors					
Mr. Liu Huiyan	—	—	—	—	—
Ms. Zhong Yu	—	413	297	45	755
Ms. Mu Jing	—	58	44	10	112
Ms. Chen Shuping	—	181	379	21	581
	300	2,040	4,342	212	6,894

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors' and supervisors' emoluments (Continued)

	Fees RMB'000	Salaries, allowance and benefit in kind RMB'000	Performance-based bonus RMB'000	Pension costs, housing funds, medical insurances and other social insurances RMB'000	Total RMB'000
Year ended 31 December 2021					
Directors					
Mr. Huang Hai	—	—	—	—	—
Mr. Liu Ping	—	—	—	—	—
Mr. Hu Zaixin	—	—	—	—	—
Ms. Wu Lanyu	—	931	2,204	120	3,255
Mr. Wang Xiaojun	150	—	—	—	150
Ms. Tan Yan	150	—	—	—	150
Mr. Wang Peng	—	—	—	—	—
Supervisors					
Ms. Liu Huiyan	—	—	—	—	—
Ms. Zhong Yu	—	414	435	51	900
Ms. Mu Jing	—	269	232	41	542
	300	1,614	2,871	212	4,997

Notes:

(i) No directors received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2021 and 2020.

(ii) Mr. Li Jiahe resigned as an executive director of the Company on 27 August 2020.

(iii) Mr. Liu Ping was appointed as a non-executive director of the Company on 9 October 2020.

(iv) Ms. Chen Shuping resigned as supervisor of the Company on 27 August 2020.

(v) Ms. Mu Jing appointed as supervisor of the Company on 27 August 2020.

The independent non-executive director Mr. Wang Peng did not receive any emoluments from the Group or the related parties of the Group for the year ended 31 December 2021 (2020: nil). Except for those mentioned above, for the year ended 31 December 2021 and 2020, none of the Directors has waived or agreed to waive any emoluments.

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS (Continued)

(b) The five highest paid individuals

The five highest paid individuals of the Group during the years ended 31 December 2021 and 2020 are analysed as follows:

	Year ended 31 December	
	2021 Number of individuals	2020 Number of individuals
Directors	**1**	2
Non-directors, non-supervisors, the highest paid individuals	**4**	3
	5	5

Details of the emoluments of the above non-directors and non-supervisors, the highest paid individual for the years ended 31 December 2021 and 2020 are as follows:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Salaries, allowance and benefit in kind	**2,399**	1,862
Performance- based bonus	**5,166**	3,647
Pension costs, housing funds, medical insurances and other social insurances	**433**	283
	7,998	5,792

Note: None of the above non-directors, non-supervisors, the highest paid individual received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2021 and 2020.

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS (Continued)

(b) The five highest paid individuals (Continued)

The number of the highest paid non-directors and non-supervisor's fell within the following emoluments band:

	Year ended 31 December	
	2021 Number of individuals	2020 Number of individuals
Emolument bands (in HK dollar)		
HKD2,000,001 to HKD2,500,000	**3**	—
HKD2,500,001 to HKD3,000,000	**1**	3
	4	3

Note: There was no emolument paid by the Group to the abovementioned five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2021 and 2020.

13. INTERESTS IN ASSOCIATES/JOINT VENTURE

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Share of net assets	**72,985**	43,720

13. INTERESTS IN ASSOCIATES/JOINT VENTURE (Continued)

Details of the Group's associates and joint venture are as follows.

Name	Place of incorporation, operation and principal activity	Relationship	Percentage of ownership interests/voting rights/profit share As at 31 December	
			2021	2020
Guangdong Xinzhihui Technology Co., Ltd. ("**Guangdong Xinzhihui**"), 廣東芯智慧科技有限公司	Research and development in the Intelligent technology products, automatic system and electronic products in the PRC	Associate	**30%**	30%
Xizang Poly Aijia Property Agency Co., Ltd., ("**Xizang Poly Aijia**"), 西藏保利愛家房地產經紀有限公司	Real estate agency services in the PRC	Associate	**30%**	30%
Ningxiang City Development City Operation Management Co., Ltd., ("**Ningxiang City Development**"), 寧鄉城發城市運營管理有限公司	Property management services in the PRC	Associate	**49%**	49%
Quzhou City Investment Insurance Creation City Service Co., Ltd., ("**Quzhou City Investment**"), 衢州城投保創城市服務有限公司	Property management services in the PRC	Associate	**49%**	49%
Shanxi Poly Deao Elevator Co., Ltd., ("**Shanxi Poly Deao**"), 山西保利德奧電梯工程有限公司	Elevator repair and maintenance services in the PRC	Joint venture	**45%**	45%

* The English names of associates and joint venture listed above are translated for identification purpose only

13. INTERESTS IN ASSOCIATES/JOINT VENTURE (Continued)

(a) Summarised financial information of material associate, adjusted for any difference in accounting policies:

(i) Xizang Poly Aijia

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Current assets	**490,515**	549,006
Non-current assets	**48,157**	11,171
Current liabilities	**(303,050)**	(420,379)
Non-current liabilities	**(23,849)**	—
Net assets	**211,773**	139,798
Group's share of the net assets of the associate	**63,532**	41,939

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Revenue	**958,821**	1,132,382
Post-tax profit	**71,975**	59,138
Total comprehensive income	**71,975**	59,138

(b) Summarised financial information (immaterial associates/joint venture):

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Aggregate carrying amount of individually immaterial associates/joint venture in the consolidated financial statements	**9,453**	1,781
Aggregate financial information of the Group's associates/joint venture:		
— Net assets/(liabilities)	**19,635**	(384)
— Revenue	**42,107**	6,283
— Post-tax profit/(loss)	**656**	(2,594)
Total comprehensive income	**656**	(2,594)

14. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets RMB'000	Buildings RMB'000	Leasehold improvements RMB'000	Computer equipment RMB'000	Electronic equipment RMB'000	Transportation equipment RMB'000	Furniture and equipment RMB'000	Total RMB'000
COST								
At 1 January 2020	19,705	1,306	49,055	1,514	104,929	15,770	27,663	219,942
Acquired through acquisition of a subsidiary (note 29)	512	—	—	—	165	195	4	876
Additions	54,534	—	22,879	5,676	21,507	10,626	8,633	123,855
Disposals	(9,670)	—	(424)	(59)	(3,637)	(803)	(1,343)	(15,936)
At 31 December 2020 and 1 January 2021	65,081	1,306	71,510	7,131	122,964	25,788	34,957	328,737
Additions	53,474	682	18,471	1,995	24,429	12,023	10,422	121,496
Lease modifications and disposals	(31,148)	—	(12,285)	(44)	(2,580)	(147)	(928)	(47,132)
At 31 December 2021	87,407	1,988	77,696	9,082	144,813	37,664	44,451	403,101
ACCUMULATED DEPRECIATION								
At 1 January 2020	6,744	91	19,921	742	69,036	9,827	14,592	120,953
Depreciation	26,853	64	10,357	943	16,119	1,489	4,818	60,643
Disposals	(9,670)	—	(382)	(59)	(2,872)	(666)	(980)	(14,629)
At 31 December 2020 and 1 January 2021	23,927	155	29,896	1,626	82,283	10,650	18,430	166,967
Depreciation	21,361	622	12,751	1,404	20,696	7,040	6,653	70,527
Lease modifications and disposals	(18,518)	—	(11,979)	(41)	(2,333)	(209)	(819)	(33,899)
At 31 December 2021	26,770	777	30,668	2,989	100,646	17,481	24,264	203,595
NET BOOK VALUE								
At 31 December 2021	60,637	1,211	47,028	6,093	44,167	20,183	20,187	199,506
At 31 December 2020	41,154	1,151	41,614	5,505	40,681	15,138	16,527	161,770

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives and after taking into account of their estimated residual values.

Buildings are held for own use and situated in the PRC.

At 31 December 2021 and 2020, no property, plant and equipment was pledged.

15. LEASED ASSETS AND INVESTMENT PROPERTIES

	Leased assets RMB'000	Other investment properties RMB'000	Total RMB'000
At 1 January 2020			
Cost	—	18,078	18,078
Accumulated depreciation	—	(2,603)	(2,603)
Net book amount	—	15,475	15,475
Year ended 31 December 2020			
Opening net book amount	—	15,475	15,475
Additions	200,423	—	200,423
Depreciation	(34,916)	(579)	(35,495)
Closing net book amount	165,507	14,896	180,403
At 31 December 2020			
Cost	200,423	18,078	218,501
Accumulated depreciation	(34,916)	(3,182)	(38,098)
Net book amount	165,507	14,896	180,403
Year ended 31 December 2021			
Opening net book amount	165,507	14,896	180,403
Additions and lease modifications	764,289	—	764,289
Depreciation	(240,074)	(579)	(240,653)
Closing net book amount	689,722	14,317	704,039
At 31 December 2021			
Cost	854,243	18,078	890,359
Accumulated depreciation	(164,521)	(3,761)	(186,320)
Net book amount	689,722	14,317	704,039

The Group's leased assets and investment properties are measured using a cost model and depreciated so as to write off their costs net of estimated residual values over their estimated useful lives on straight line basis.

The Group's leased assets are right-of-use assets located in the PRC with initial rental period of 1.2 to 8 years.

The Group's other investment properties are located on land in the PRC with land use period from 2004 to 2054.

15. LEASED ASSETS AND INVESTMENT PROPERTIES (Continued)

Fair values of the leased assets and investment properties as at 31 December 2021 and 2020 are as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Leased assets in the PRC	**1,089,000**	193,000
Other investment properties in the PRC	**20,829**	20,928
	1,109,829	213,928

The fair value of the Group's leased assets as at 31 December 2021 and 2020 are determined by valuations conducted by APAC Appraisal and Consulting Limited (亞太估值及顧問有限公司), an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the leased assets being valued. Under the valuation models, income based approach has been adopted.

The fair value of the Group's other investment properties as at 31 December 2021 and 2020 are determined by valuations conducted by Guangzhou Yeqin Assets & Land and Real Estate Appraisal Co. Ltd (廣州業勤資產評估土地房地產估價有限公司), an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the other investment properties being valued. Under the valuation models, income-based approach and market-based approach has been adopted for commercial properties and carpark spaces respectively.

The income approach uses discounting cash flow method, based on the estimated rental value of the properties. The market approach is based on market comparable transactions available in the market and adjustments of various factors would be made between the subject properties and comparable properties.

The fair value estimation was at level 3 of fair value hierarchy.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use. For the years ended 31 December 2021 and 2020, there were no transfers into or out of Level 3 or any other Level.

For the year ended 31 December 2021, cash outflow RMB960,243,000 (2020: RMB18,802,000) represented the amount paid for leased properties under sub-leases.

For the year ended 31 December 2021, the direct operating expenses incurred for the leased assets and investment properties that generated rental income accounted for RMB282,272,000 (2020: RMB32,591,000).

15. LEASED ASSETS AND INVESTMENT PROPERTIES (Continued)

Leased assets and investment properties rented out under operating leases

The Group rents out its leased assets and investment properties to related and third parties tenants for rental income under operating leases. The rental agreements with tenants typically initially run for a short-term, with or without option to renew after that date at which time all terms are renegotiated. In general, short-term refers to a period of approximately 1–27 months.

Undiscounted rental receivable by the Group under non-cancellable operating lease arrangements at the reporting date are as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Within one year	**399,100**	172,074
One to two years	**330,338**	—
Over two years	**133,595**	—
	863,033	172,074

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Equity investments at Fair Value Through Other Comprehensive Income		
Unlisted equity investments, at fair value	**12,000**	5,000

The Group has designated these investments in equity instruments at FVTOCI as the Group plans to hold in the long term for strategic reasons.

17. INTANGIBLE ASSETS

	Property management contracts RMB'000	Goodwill RMB'000	Total RMB'000
COST			
At 1 January 2020	58,000	47,033	105,033
Acquired through acquisition of a subsidiary (Note 29)	30,000	17,864	47,864
At 31 December 2020, 1 January 2021 and 31 December 2021	88,000	64,897	152,897
ACCUMULATED AMORTISATION			
At 1 January 2020	9,324	—	9,324
Amortisation	7,436	—	7,436
At 31 December 2020 and 1 January 2021	16,760	—	16,760
Amortisation	11,011	—	11,011
At 31 December 2021	27,771	—	27,771
NET BOOK VALUE			
At 31 December 2021	60,229	64,897	125,126
At 31 December 2020	71,240	64,897	136,137

During the year ended 31 December 2018, the Group has acquired 60% of the equity interests in Hunan Poly Tianchuang at a consideration of RMB78,000,000. At the date of the acquisition, intangible assets arising from property management contracts of RMB55,000,000 and goodwill of RMB46,129,000.

During the year ended 31 December 2019, the Group has acquired 51% of the equity interests in Poly Huichuang Chongqing at a consideration of RMB4,080,000. At the date of the acquisition, intangible assets arising from property management contracts of RMB3,000,000 and goodwill of RMB904,000.

As set out in note 29, the Group has acquired 80% of the equity interests in Vastrong Property at a consideration of RMB81,040,000. At the date of the acquisition, intangible assets arising from property management contracts of RMB30,000,000 and goodwill of RMB17,864,000 have been recognised during the year ended 31 December 2020.

17. INTANGIBLE ASSETS (Continued)

Property management contracts primarily related to the existing contracts of Hunan Poly Tianchuang, Poly Huichuang Chongqing and Vastrong Property on the acquisition date. The existing contracts of Hunan Poly Tianchuang, Poly Huichuang Chongqing and Vastrong Property are with contract periods ranging from one to three years. Considering that termination or non-renewal of property management contracts with the property developers or property owners' association are uncommon, the Group estimates the useful life and determines the amortisation period to be three to ten years with reference to its industry experience.

A valuation was performed by an independent valuer to determine the amount of the property management contracts. Methods and key assumptions in determining the fair value of property management contracts as at acquisition date are disclosed as follows:

	Valuation technique	Discount rate	Expected life of the intangible assets
Property management contracts	Multi period excess earnings method	12.0–17.4%	3–10 years, the estimated period of property management services to be provided to the relevant properties, taking into account the prior experience of the renewal pattern of property management contracts of similar characteristics

Goodwill of RMB64,897,000 arising from the acquisition were allocated to the property management business operated by Vastrong Property CGU, Hunan Poly Tianchuang CGU and Poly Huichuang Chongqing CGU.

The goodwill has been tested for impairment by management. The recoverable amount of each cash generating unit ("**CGU**") has been assessed by APAC Appraisal and Consulting Limited, an independent valuer and determined based on value-in-use ("**VIU**") calculation. The calculation used cash flow projections based on financial budgets covering a five-year period approved by management and as suggested by HKAS 36 "Impairment of Assets".

17. INTANGIBLE ASSETS (Continued)

The following table sets forth each key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

	As at 31 December 2021	As at 31 December 2020
For Hunan Poly Tianchuang CGU		
— Long-term growth rate	2.0%	3.0%
— Pre-tax discount rate	16.9%	15.2%
For Poly Huichuang Chongqing CGU		
— Long-term growth rate	2.0%	3.0%
— Pre-tax discount rate	15.6%	15.9%
For Vastrong Property CGU		
— Long-term growth rate	2.0%	3.0%
— Pre-tax discount rate	15.2%	13.8%

The following table sets out the sensitivity analysis of the impact of variations in each of the key underlying assumptions for goodwill impairment testing described above on the recoverable amount of each CGU as at the dates indicated. We showed the headroom (the recoverable amount of the CGU would exceed the carrying amount of the CGU) as at the end of each year by applying a 5% and 10% decrease in long-term growth rate and applying a 0.5% and 1% increase in pre-tax discount rate. Although none of the hypothetical fluctuation ratios applied in this sensitivity analysis equals actual historical fluctuations, we believe that the application of the hypothetical fluctuations in each of the key assumptions presents a meaningful analysis of the potential impact of the changes in such assumptions on the recoverable amount of each CGU.

17. INTANGIBLE ASSETS (Continued)

For Hunan Poly Tianchuang CGU:

	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
Long-term growth rate decrease		
5%	**101,999**	162,802
10%	**100,280**	159,448
Pre-tax discount rate increase		
0.5%	**96,492**	155,249
1%	**89,692**	145,065

For Poly Huichuang Chongqing CGU:

	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
Long-term growth rate decrease		
5%	**5,320**	25,978
10%	**5,169**	25,489
Pre-tax discount rate increase		
0.5%	**4,623**	24,965
1%	**3,831**	23,558

17. INTANGIBLE ASSETS (Continued)

For Vastrong Property CGU:

	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
Long-term growth rate decrease		
5%	**8,095**	14,214
10%	**7,583**	12,993
Pre-tax discount rate increase		
0.5%	**5,601**	10,917
1%	**2,796**	6,742

As at 31 December 2021 and 2020, the recoverable amounts of the Hunan Poly Tianchuang CGU calculated based on VIU exceeded carrying value by approximately RMB103,750,000 and RMB166,267,000 respectively.

As at 31 December 2021 and 2020, the recoverable amounts of the Poly Huichuang Chongqing CGU calculated based on VIU exceeded carrying value by approximately RMB5,474,000 and RMB26,482,000 respectively.

As at 31 December 2021 and 2020, the recoverable amount of the Vastrong Property CGU calculated based on VIU exceeded carrying value by approximately RMB8,615,000 and RMB15,476,000 respectively.

In the opinion of the directors of the Company, any reasonably possible change in key parameters on which the recoverable amount is based would not cause the carrying amount of each CGU to exceed its recoverable amount.

By reference to the recoverable amount assessed by the independent valuer, the directors of the Company determined that no impairment provision on goodwill was required as at 31 December 2021 and 2020.

In addition, no impairment is considered necessary for the property management contracts as at 31 December 2021 and 2020.

18. INVENTORIES

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Carpark spaces	**32,165**	39,650
Raw materials	**141**	200
Consumables goods and other inventories	**18,253**	10,786
	50,559	50,636

19. TRADE AND BILLS RECEIVABLES

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Related parties	**389,073**	349,826
Third parties	**1,092,643**	570,583
Total	**1,481,716**	920,409
Less: allowance for impairment of trade receivables	**(59,423)**	(36,658)
	1,422,293	883,751
Bills receivables	**2,485**	4,306
	1,424,778	888,057

As at 31 December 2021 and 2020, the trade receivables were denominated in RMB, and the fair value of trade receivables approximated its carrying amounts.

Trade receivables mainly arise from property management services income under lump sum basis and income from value-added services to non-property owners.

Property management services income under lump sum basis are received in accordance with the term of the relevant property service agreements. Service income from property management services is due for payment by the residents upon the issuance of demand note.

The maturity of the bills receivables of the Group as at 31 December 2021 and 2020 is between 1 to 12 months. As at 31 December 2021 and 2020, bills receivables are due from Poly Developments and Holdings Group amounted to RMB985,000 and RMB4,306,000 respectively.

19. TRADE AND BILLS RECEIVABLES (Continued)

As at 31 December 2021 and 2020, the ageing analysis of the trade receivables based on invoice date was as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Within 1 year	**1,393,425**	850,989
1 to 2 years	**60,373**	51,630
Over 2 years	**27,918**	17,790
	1,481,716	920,409

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Non-current assets		
Prepayments for property, plant and equipment	**13,327**	5,196
Current assets		
Deposits and other receivables		
— Related parties	**42,289**	42,501
— Third parties	**626,358**	381,952
Total	**668,647**	424,453
Less: allowance for impairment of other receivables	**(23,057)**	(15,188)
	645,590	409,265
VAT receivables	**37,859**	10,443
Interest receivables (Note a)	**886**	1,715
Prepayments (Note b)	**140,324**	90,435
	824,659	511,858

Notes:

(a) As at 31 December 2021 and 2020, included in the balance are the interest receivable from the deposit maintained with a fellow subsidiary, which amounts to RMB110,000 and RMB465,000 respectively. Please refer to note 7(a) for further details.

(b) As at 31 December 2021 and 2020, included in the balance are prepayment for rental expenses to Poly Developments and Holdings Group, which the amounts to RMB2,473,000 and RMB2,885,000 respectively.

21. DEPOSITS AND BANK BALANCES

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Cash on hand	**115**	62
Cash at banks and financial institution	**7,690,457**	7,448,040
Total deposits and bank balances	**7,690,572**	7,448,102

Notes:

a) At 31 December 2021, deposits and bank balances in the amount of RMB292,487,000 (2020: RMB304,928,000) and RMB7,398,085,000 (2020: RMB7,143,174,000) are denominated in HK$ and RMB respectively. Cash on hand and cash at bank placed in the PRC are denominated in RMB. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies only through banks that are authorised to conduct foreign exchange business. RMB is not freely convertible to other currencies.

b) As at 31 December 2021 and 2020, the Group's deposits and bank balances include deposits in Poly Finance, a fellow subsidiary and a licenced financial institution, amounting RMB1,938,649,000 and RMB1,226,602,000 respectively.

c) Cash at banks and financial institution earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates.

22. TRADE PAYABLES

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Related parties (Note)	**42,758**	2,128
Third parties	**760,882**	394,968
	803,640	397,096

22. TRADE PAYABLES (Continued)

Based on the receipt of services and goods, which normally coincided with the invoice dates, the ageing analysis of the Group's trade payables as at the end of the year was as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Within 1 year	**786,329**	368,356
1 to 2 years	**16,875**	24,408
Over 2 years	**436**	4,332
	803,640	397,096

Note: The balance was unsecured, interest free and repayable on demand.

23. ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Accruals and other payables		
— Related parties	**98,106**	99,830
— Third parties	**1,570,404**	1,045,846
	1,668,510	1,145,676
Other tax payables	**33,874**	73,844
Salaries payables	**78,456**	27,308
	1,780,840	1,246,828

24. OTHER FINANCIAL LIABILITIES

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Financial liability at fair value through profit or loss (Note)	**15,565**	14,612
Other non-current liabilities	**5,772**	8,104
	21,337	22,716

Note: It represented the obligation to acquire additional 16.7% of the equity interest of Vastrong Property in relation to the acquisition as set out in note 29.

25. LEASE LIABILITIES

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Minimum lease payments due		
— Within 1 year	**43,246**	220,261
— Between 1 to 2 years	**19,384**	13,092
— Between 2 to 5 years	**43,497**	10,323
— Later than 5 years	**21,826**	3,339
	127,953	247,015
Less: future finance charges	**(13,361)**	(8,894)
Present value of lease liabilities	**114,592**	238,121
— Current	**35,851**	211,476
— Non-current	**78,741**	26,645

The Group leases various properties mainly as its office or for subleasing purpose and these lease liabilities were measured at net present value of the lease payments during the lease terms that are not yet paid. Extension options are included in a number of property leases across the Group. Periods covered by the extension options were included in the lease terms if the Group was reasonably certain to exercise the options.

The total cash outflows for leases including payments of the lease liabilities, payments of interest expenses on leases for the years ended 31 December 2021 was RMB114,468,000 (2020: RMB42,572,000).

26. DEFERRED TAX

Details of the deferred tax assets and liabilities recognised and movements during the years ended 31 December 2021 and 2020 are as follows:

Deferred tax assets

	Impairment loss on trade receivables RMB'000	Impairment loss on other receivables RMB'000	Total RMB'000
At 1 January 2020	3,864	2,772	6,636
Acquired through acquisition of a subsidiary (Note 13 & 29)	83	141	224
Credited to profit or loss for the year	5,201	1,242	6,443
At 31 December 2020 and 1 January 2021	**9,148**	**4,155**	**13,303**
Credited to profit or loss for the year	**5,575**	**1,494**	**7,069**
At 31 December 2021	**14,723**	**5,649**	**20,372**

Deferred tax liabilities

	Amortisation on intangible assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2020	12,168	474	12,642
Acquired through acquisition of a subsidiary (Note 29)	7,500	—	7,500
Credited to profit or loss for the year	(1,859)	—	(1,859)
At 31 December 2020 and 1 January 2021	**17,809**	**474**	**18,283**
Credited to profit or loss for the year	**(5,362)**	**—**	**(5,362)**
At 31 December 2021	**12,447**	**474**	**12,921**

27. CAPITAL

	Domestic shares		Listed H shares		Total	
	Number '000	Amount RMB'000	Number '000	Amount RMB'000	Number '000	Amount RMB'000
Registered, issued and fully paid:						
At 1 January 2020	400,000	400,000	133,333	133,333	533,333	533,333
Issue of H shares upon over-allotment	—	—	20,000	20,000	20,000	20,000
At 31 December 2020, 1 January 2021 and 31 December 2021	400,000	400,000	153,333	153,333	553,333	553,333

Notes: Both holders of domestic shares and H shares are ordinary Shareholders and have the equal rights and obligations.

28. COMMITMENTS

Capital commitments

Capital expenditure contracted for at the end of the year but not yet incurred is as follow:

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Property, plant and equipment	**10,283**	6,677

29. ACQUISITION OF SUBSIDIARIES

Vastrong Property

On 1 December 2020, the Group entered into a sales and purchase agreement with independent third parties for the acquisition of 80% of equity interests in Vastrong Property, a company whose principal activity is provision of property management services. The total consideration for the acquisition was RMB81,040,000. The acquisition was made with the aims to expand the Group's existing scale of operation and enlarge the Group's market presence.

Goodwill of RMB17,864,000 primarily arose from the expected future development of Vastrong Property's business, improvement on market coverage, enriching the service portfolio and improvement on management efficiency, etc.. Goodwill recognised is not expected to be deductible for income tax purposes.

The fair value of identifiable assets acquired and liabilities assumed at the completion date of acquisition are as follows:

	Fair value RMB'000
Property, plant and equipment	733
Inventories	86
Trade receivables	10,676
Deposits, prepayments and other receivables	38,416
Deferred tax assets (Note 26)	211
Intangible assets (Note 17)	30,000
Cash	53,663
Trade payables	(4,468)
Accruals and other payables	(32,949)
Contract liabilities	(3,341)
Lease liabilities	(6,036)
Deferred tax liabilities (Note 26)	(7,500)
Income tax payable	(2,267)
	77,224
Non-controlling interest	(14,048)
Goodwill (Note 17)	17,864
Fair value of consideration	81,040

29. ACQUISITION OF SUBSIDIARIES (Continued)

Vastrong Property (Continued)

	Total RMB'000
Satisfied by:	
Cash	53,542
Consideration payable included in other payables and other financial liabilities	
— Current portion	19,394
— Non-current portion	8,104
	81,040

An analysis of net outflow/inflow of cash and cash equivalents in respect of acquisition of a subsidiary are as follow:

	2021 RMB'000	2020 RMB'000
Net cash outflow/inflow arising on:		
Purchase consideration settled in cash	**(19,394)**	(53,542)
Deposits and bank balances acquired	**—**	53,663
	(19,394)	121

The Group has elected to measure the non-controlling interest in Vastrong Property at acquisition-date at the non-controlling interest's proportionate share of Vastrong Property's net identifiable assets.

Since the acquisition date, Vastrong Property has contributed RMB7,993,000 and RMB2,303,000 to the Group's revenue and profit for the year of 2020. If the acquisition had occurred on 1 January 2020, the Group's revenue and profit would have been RMB83,878,000 and RMB13,446,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2020, nor is it intended to be a projection of future performance.

30. HOLDING COMPANY STATEMENTS OF FINANCIAL POSITION

		As at 31 December	
	Note	**2021** **RMB'000**	2020 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment in subsidiaries		**300,429**	300,429
Interests in associates/joint venture		**65,421**	43,720
Property, plant and equipment		**148,316**	93,336
Leased assets and Investment properties		**14,317**	14,896
Financial assets at fair value through other comprehensive income ("**FVTOCI**")		**12,000**	5,000
Prepayments for property, plant and equipment		**11,767**	2,423
Deferred tax assets		**12,632**	10,090
		564,882	469,894
Current assets			
Inventories		**43,930**	48,973
Trade and bills receivables		**804,716**	520,389
Prepayments, deposits and other receivables*		**1,561,208**	461,651
Deposits and bank balances		**7,050,779**	6,846,341
		9,460,633	7,877,354
Current liabilities			
Trade payables		**457,877**	230,879
Accruals and other payables*		**2,345,384**	1,596,452
Lease liabilities		**32,182**	13,649
Contract liabilities		**707,787**	605,645
Income tax payable		**95,195**	53,223
		3,638,425	2,499,848
Net current assets		**5,822,208**	5,377,506
Total assets less current liabilities		**6,387,090**	5,847,400
Non-current liabilities			
Other financial liabilities		**21,337**	22,716
Lease liabilities		**44,386**	8,769
Deferred tax liabilities		**474**	474
		66,197	31,959
Net assets		**6,320,893**	5,815,441
EQUITY			
Capital and reserves attributable to owners of the Company			
Capital	27	**553,333**	553,333
Reserves (Note)		**5,767,560**	5,262,108
Total equity		**6,320,893**	5,815,441

* Included in accruals and other payables are balances with its subsidiaries of RMB1,254,837,000 (2020: RMB815,410,000) and included in prepayments, deposits and other receivables with its subsidiaries of RMB1,064,303,000 (2020: RMB167,221,000).

30. HOLDING COMPANY STATEMENTS OF FINANCIAL POSITION (Continued)

Note: Movement in reserves

	Reserves						
	Share premium RMB'000	Capital reserves RMB'000	Statutory reserves RMB'000	Fair value reserves RMB'000	Other Equity RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2020	3,939,585	3,962	93,409	11,500	—	251,049	4,299,505
Profit for the year	—	—	—	—	—	555,321	555,321
Unrealised fair value change on financial assets at FVTOCI	—	—	—	(8,000)	—	—	(8,000)
Shares issued pursuant to the over-allotment of shares	602,098	—	—	—	—	—	602,098
Transaction cost attributable to the over-allotment of shares	(6,204)	—	—	—	—	—	(6,204)
Other	—	—	—	—	(14,612)	—	(14,612)
Appropriation of statutory reserves	—	—	55,386	—	—	(55,386)	—
Dividend approved in respect of the previous year	—	—	—	—	—	(166,000)	(166,000)
At 31 December 2020 and 1 January 2021	4,535,479	3,962	148,795	3,500	(14,612)	584,984	5,262,108
Profit for the year	—	—	—	—	—	736,385	736,385
Unrealised fair value change on financial assets at FVTOCI	—	—	—	7,000	—	—	7,000
Appropriation of statutory reserves	—	—	73,745	—	—	(73,745)	—
Dividend approved in respect of the previous year	—	—	—	—	—	(237,933)	(237,933)
At 31 December 2021	4,535,479	3,962	222,540	10,500	(14,612)	1,009,691	5,767,560

31. NON-CONTROLLING INTERESTS

Details of particular of material non-controlling interests are as follows:

Name of subsidiary	Ownership interests held by non-controlling interests At December 31	
	2021	2020
Poly (Changchun) Property Service Co., Limited, ("**Poly (Changchun)**"), 保利(長春)物業服務有限公司	**50%**	50%
Hunan Poly Tianchuang Property Development Co., Ltd., ("**Hunan Poly Tianchuang**"), 湖南保利天創物業發展有限公司	**40%**	40%
Poly Zhongshe (Beijing) Property Management Co., Ltd., ("**Poly Zhongshe**"), 保利中設(北京)物業管理有限公司	**40%**	40%
Tangshan XinChengtou Poly City Services Co., Ltd., ("**Poly Tangshan**"), 唐山新城投保利城市服務有限公司	**49%**	49%
Chengdu Vastrong Property Development Co., Ltd., ("**Vastrong Property**"), 成都華昌物業發展有限責任公司	**20%**	20%

31. NON-CONTROLLING INTERESTS (Continued)

Summarised financial information in relation to the material non-controlling interests ("**NCI**") are presented below:

(i) Poly (Changchun)

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Current assets	**67,699**	65,473
Non-current assets	**927**	680
Current liabilities	**(36,013)**	(47,678)
Net assets	**32,613**	18,475
Accumulated NCI	**16,307**	9,238

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Revenue	**124,860**	135,925
Post-tax profit or loss	**14,138**	12,718
Total comprehensive income	**14,138**	12,718
Profit allocated to NCI	**7,069**	6,359
Dividends paid to NCI	**—**	32,600

(ii) Hunan Poly Tianchuang

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Current assets	**104,280**	82,143
Non-current assets	**46,605**	44,992
Current liabilities	**(39,775)**	(37,990)
Non-current liabilities	**(12,628)**	(10,057)
Net assets	**98,482**	79,088
Accumulated NCI	**39,393**	31,635

31. NON-CONTROLLING INTERESTS (Continued)

(ii) Hunan Poly Tianchuang (Continued)

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Revenue	**388,305**	329,157
Post-tax profit or loss	**19,394**	20,107
Total comprehensive income	**19,394**	20,107
Profit allocated to NCI	**7,758**	8,043
Dividends paid to NCI	**—**	14,921

(iii) Poly Zhongshe

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Current assets	**37,130**	25,635
Non-current assets	**1,600**	2,687
Current liabilities	**(7,488)**	(5,339)
Non-current liabilities	**—**	(646)
Net assets	**31,242**	22,337
Accumulated NCI	**12,497**	8,935

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Revenue	**46,009**	33,112
Post-tax profit or loss	**8,905**	5,796
Total comprehensive income	**8,905**	5,796
Profit allocated to NCI	**3,562**	2,318

31. NON-CONTROLLING INTERESTS (Continued)

(iv) Poly Tangshan

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Current assets	**15,417**	12,002
Non-current assets	**653**	186
Current liabilities	**(2,411)**	(1,397)
Net assets	**13,659**	10,791
Accumulated NCI	**6,693**	5,288

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Revenue	**20,471**	13,580
Post-tax profit or loss	**2,868**	791
Total comprehensive income	**2,868**	791
Profit allocated to NCI	**1,405**	388

31. NON-CONTROLLING INTERESTS (Continued)

(v) Vastrong Property

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Current assets	**68,734**	100,148
Non-current assets	**26,542**	32,970
Current liabilities	**(28,990)**	(43,512)
Non-current liabilities	**(6,528)**	(10,080)
Net assets	**59,758**	79,526
Accumulated NCI	**13,481**	14,509

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Revenue	**95,163**	7,993
Post-tax profit or loss	**11,358**	2,303
Total comprehensive income	**11,358**	2,303
Profit allocated to NCI	**2,272**	461
Dividends paid to NCI	**2,378**	—

32. INTEREST IN SUBSIDIARIES

Details of particular of material subsidiaries are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Attributable equity interest of the Company At 31 December 2020	Attributable equity interest of the Company At 31 December 2021	Issued and fully paid share capital	Principal activities and place of operations
Poly (Guangzhou) Property Development Co., Ltd, ("**Poly (Guangzhou)**"), 保利(廣州)物業發展有限公司 (Note (d))	Incorporated on March 10, 2017 in the PRC	100%	100%	RMB10,000,000	Property Management, the PRC
Guangzhou Poly Business Commercial Property Development Co., Ltd, ("**Guangzhou Poly Business**"), 廣州保利商業物業發展有限公司 (Note (d))	Incorporated on March 30, 2017 in the PRC	100%	100%	RMB10,000,000	Property Management, the PRC
Poly (Foshan) Property Service Co., Ltd, ("**Poly (Foshan)**"), 保利(佛山)物業服務有限公司 (Note (d))	Incorporated on December 24, 2009 in the PRC	100%	100%	RMB5,000,000	Property Management, the PRC
Yangjiang Poly Property Management Co., Ltd, ("**Yangjiang Poly**"), 陽江保利物業管理有限公司 (Note (d))	Incorporated on December 11, 2009 in the PRC	100%	100%	RMB3,000,000	Property Management, the PRC
Poly Property Management (Beijing) Co., Ltd, ("**Poly (Beijing)**"), 保利物業管理(北京) 有限公司 (Note (d))	Incorporated on December 15, 2003 in the PRC	100%	100%	RMB5,000,000	Property Management, the PRC
Tianjin Poly Metropolis Property Service Co., Ltd, ("**Tianjin Poly Metropolis**"), 天津保利大都會物業服務有限公司 (Note (d))	Incorporated on June 21, 2010 in the PRC	100%	100%	RMB500,000	Property Management, the PRC
Tianjin Xinhe Physical Fitness Service Co., Ltd, ("**Tianjin Xinhe**"), 天津鑫和健身服務有限公司 (Note (e),(g))	Incorporated on June 23, 2014 in the PRC	100%	100%	RMB100,000	Deregistered
Hebei Poly Property Service Co., Ltd, ("**Hebei Poly**"), 河北保利物業服務有限公司 (Note (d))	Incorporated on August 26, 2016 in the PRC	100%	100%	RMB nil	Property Management, the PRC

32. INTEREST IN SUBSIDIARIES (Continued)

Details of particular of material subsidiaries are as follows: (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Attributable equity interest of the Company At 31 December 2020	At 31 December 2021	Issued and fully paid share capital	Principal activities and place of operations
Poly Urban Construction Service Co., Ltd. ("**Poly Urban Services**"), 保利城市建设服务有限公司 (formerly known as Poly (Shanghai) Urban Development Service Co., Ltd., 保利(上海)城市建設服務有限公司) (Note (d))	Incorporated on September 13, 2012 in the PRC	100%	100%	RMB51,000,000	Property Management, the PRC
Zhejiang Poly Property Management Co., Ltd, ("**Zhejiang Poly**"), 浙江保利物業管理有限公司 (Note (d))	Incorporated on July 12, 2010 in the PRC	100%	100%	RMB5,000,000	Property Management, the PRC
Poly (Xiamen) Property Management Co., Ltd, ("**Poly (Xiamen)**"), 保利(廈門)物業管理有限公司 (Note (d))	Incorporated on June 3, 2011 in the PRC	100%	100%	RMB1,000,000	Property Management, the PRC
Poly Chongqing Property Management Co., Ltd, ("**Poly Chongqing**"), 保利重慶物業管理有限公司 (Note (d))	Incorporated on October 31, 2005 in the PRC	100%	100%	RMB5,000,000	Property Management, the PRC
Hunan Poly Property Management Co., Limited, ("**Hunan Poly**"), 湖南保利物業管理有限公司 (Note (d))	Incorporated on August 22, 2003 in the PRC	100%	100%	RMB5,000,000	Property Management, the PRC
Poly (Wuhan) Property Management Co., Ltd, ("**Poly (Wuhan)**"), 保利(武漢)物業管理有限公司 (Note (d))	Incorporated on May 8, 2004 in the PRC	100%	100%	RMB5,080,000	Property Management, the PRC
Jiangxi Poly Property Management Co., Ltd, ("**Jiangxi Poly**"), 江西保利物業管理有限公司 (Note (d))	Incorporated on March 31, 2011 in the PRC	100%	100%	RMB3,000,000	Property Management, the PRC
Liaoning Poly Property Management Co., Ltd, ("**Liaoning Poly**"), 遼寧保利物業管理有限公司 (Note (d))	Incorporated on July 19, 2004 in the PRC	100%	100%	RMB5,000,000	Property Management, the PRC
Poly (Dalian) Property Management Co., Ltd, ("**Poly (Dalian)**"), 保利(大連)物業管理有限公司 (Note (d))	Incorporated on June 28, 2013 in the PRC	100%	100%	RMB2,000,000	Property Management, the PRC

32. INTEREST IN SUBSIDIARIES (Continued)

Details of particular of material subsidiaries are as follows: (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Attributable equity interest of the Company At 31 December 2020	At 31 December 2021	Issued and fully paid share capital	Principal activities and place of operations
Poly Baoding Property Service Co., Ltd, ("**Poly Baoding**"), 保利保定物業服務有限公司 (Note (e))	Incorporated on August 5, 2016 in the PRC	51%	51%	RMB1,000,000	Property Management, the PRC
Hunan Poly Tongyuan Property Management Co., Ltd, ("**Hunan Poly Tongyuan**"), 湖南保利同元物業管理有限公司 (Note (d))	Incorporated on November 17, 2015 in the PRC	51%	51%	RMB2,000,000	Property Management, the PRC
Poly (Baotou) Property Service Co., Ltd, ("**Poly (Baotou)**"), 保利(包頭)物業服務有限公司 (Note (d))	Incorporated on August 28, 2006 in the PRC	77.5%	77.5%	RMB3,000,000	Property Management, the PRC
Poly (Changchun) Property Service Co., Ltd, ("**Poly (Changchun)**"), 保利(長春)物業服務有限公司 (Note (d) & (f))	Incorporated on February 1, 2008 in the PRC	50%	50%	RMB3,000,000	Property Management, the PRC
Ji An Shi Poly Jin Property Service Co., Ltd., ("**Ji An Poly Jin**"), 吉安市保利金物業服務有限公司 (Note (e))	Incorporated on January 10, 2018 in the PRC	51%	51%	RMB nil	Property management, the PRC
Guangzhou Zengcheng Poly Property Investment Co., Ltd, ("**Guangzhou Zengcheng**"), 廣州增城保利物業投資有限公司 (Note (e))	Incorporated on July 19, 2018 in the PRC	100%	100%	RMB nil	Property management, the PRC
Hunan Poly Tianchuang Property Development Co., Ltd. ("**Hunan Poly Tianchuang**"), 湖南保利天創物業發展有限公司 (Note (d))	Incorporated on January 17, 2008 in the PRC	60%	60%	RMB5,000,000	Property management, the PRC
Poly Heyue Life Technology Service Co., Ltd., ("**Poly Heyue**"), 保利和悦生活科技服務有限公司 (Note (d))	Incorporated on February 1, 2018 in the PRC	100%	100%	RMB5,500,000	Consulting services, housekeeping services and sales of goods, the PRC
Guangzhou Hechuang Zhongwei Catering Services Co Ltd., ("**Guangzhou Hechuang**"), 廣州和創中味餐飲服務有限公司 (Note (d))	Incorporated on November 15, 2018 in the PRC	51%	51%	RMB2,000,000	Landscaping services, catering management, the PRC

32. INTEREST IN SUBSIDIARIES (Continued)

Details of particular of material subsidiaries are as follows: (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Attributable equity interest of the Company At 31 December 2020	At 31 December 2021	Issued and fully paid share capital	Principal activities and place of operations
Poly Guanlan (Wuhan) Property Services Co. Ltd., (“**Poly GuanLan**”), 保利觀瀾(武漢)物業服務有限公司 (Note (e))	Incorporated on November 14, 2018 in the PRC	80%	80%	RMB1,000,000	Property management, the PRC
Poly Zhongshe (Beijing) Property Management Ltd, (“**Poly Zhongshe**”), 保利中設(北京)物業管理有限公司 (Note (d))	Incorporated on January 8, 2019 in the PRC	60%	60%	RMB15,000,000	Property management, the PRC
Poly Huichuang (Chongqing) City Comprehensive Services Co., Ltd., (“**Poly Huichuang Chongqing**”), 保利暉創(重慶)城市綜合服務有限公司 (Note (d))	Incorporated on April 20, 1995 in the PRC	51%	51%	RMB3,000,000	Property management, the PRC
Hechuang Aiqi (Guangzhou) Operation and Management Co., Ltd., (“**Hechuang Aiqi**”), 和創愛奇(廣州)運營管理有限公司 (Note (e))	Incorporated on 19 April, 2019 in the PRC	51%	51%	RMB1,000,000	Property Management, the PRC
Hunan Xingchuang City Operation and Management Co., Ltd., (“**Hunan Xingchuang**”), 湖南省星創城市運營管理有限公司 (Note (d))	Incorporated on 20 May, 2019 in the PRC	51%	51%	RMB1,200,000	Property Management, the PRC
Yichang Baohe Property Service Co., Ltd., (“**Yichang Baohe**”), 宜昌保和物業服務有限公司 (Note (e))	Incorporated on 27 May, 2019 in the PRC	100%	100%	RMB nil	Property Management, the PRC
Guangdong Hejia Home Technology Co., Ltd., (“**Guangdong Hejia**”), 廣東和加家居科技有限公司 (Note (d))	Incorporated on 18 July, 2019 in the PRC	60%	60%	RMB nil	Home service, the PRC
Poly Wanteng Hebei Property Services Co., Ltd., (“**Poly Wanteng**”), 保利萬騰河北物業服務有限公司 (Note (e))	Incorporated on 18 October, 2019 in the PRC	51%	51%	RMB1,000,000	Property Management, the PRC

32. INTEREST IN SUBSIDIARIES (Continued)

Details of particular of material subsidiaries are as follows: (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Attributable equity interest of the Company At 31 December 2020	At 31 December 2021	Issued and fully paid share capital	Principal activities and place of operations
Shandong Chengtou Poly Huichuang City Services Co., Ltd., ("**Poly Huichuang Shandong**"), 山東城投保利暉創城市服務有限公司 (Note (e))	Incorporated on 7 November, 2019 in the PRC	51%	51%	RMB3,000,000	Property Management, the PRC
Hengyuan (Hong Kong) Service Limited, ("**Hengyuan (Hong Kong)**"), 恒遠(香港)服務有限公司 (Note (d))	Incorporated on 23 December, 2019 in Hong Kong	100%	100%	RMB nil	Inactive
Tangshan XinChengtou Poly City Services Co., Ltd., ("**Poly Tangshan**"), 唐山新城投保利城市服務有限公司 (Note (e))	Incorporated on 25 December, 2019 in the PRC	51%	51%	RMB10,000,000	Property Management, the PRC
Poly (Ziyang) City Comprehensive Services Co., Ltd. ("**Poly Ziyang**"), 保利(資陽)城市綜合服務有限公司 (Note (d))	Incorporated on 19 October 2018 in the PRC	60%	60%	RMB2,505,000	Property Management, the PRC
Poly (Huaihua) City Operation and Management Co., Ltd. ("**Poly (Huaihua)**"), 保利(懷化) 城市運營管理有限公司 (Note (e))	Incorporated on 17 April 2020 in the PRC	60%	60%	RMB2,002,000	Property Management, the PRC
Guangzhou Baiyun Poly Property Services Co., Ltd., ("**Poly (Baiyun)**"), 廣州白雲保利物業服務有限公司 (Note (e))	Incorporated on 4 June 2020 in PRC	100%	100%	RMB nil	Property Management, the PRC
Jiujiang Liantao Poly Huichuang City Services Co., Ltd., ("**Poly (Jiujiang)**"), 九江濂投保利暉創城市服務有限公司 (Note (e))	Incorporated on 22 July 2020 in PRC	51%	51%	RMB3,000,000	Property Management, the PRC
Xinjiang Poly Huichuang City Services Co., Ltd., ("**Poly Huichuang (Xinjiang)**"), 新疆保利暉創城市服務有限公司 (Note (e))	Incorporated on 29 October 2020 in PRC	51%	51%	RMB nil	Property Management, the PRC
Chengdu Vastrong Property Development Co., Ltd., ("**Vastrong Property**"), 成都華昌物業發展有限責任公司 (Note (d))	Incorporated on 1 January 1993 in PRC	80%	80%	RMB5,000,000	Property Management, the PRC

32. INTEREST IN SUBSIDIARIES (Continued)

Details of particular of material subsidiaries are as follows: (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Attributable equity interest of the Company At 31 December 2020	Attributable equity interest of the Company At 31 December 2021	Issued and fully paid share capital	Principal activities and place of operations
Chengdu Huazhong Investment Management Co., Ltd., ("**Huazhong Investment**"), 成都華中投資管理有限公司 (Note (e))	Incorporated on 19 January 2007 in PRC	80%	80%	RMB2,000,000	Property Management, the PRC
Poly (Shandong) Property Services Co., Ltd., ("**Poly (Shandong)**"), 保利(山東)物業服務有限公司 (Note (d))	Incorporated on 30 December 2020 in PRC	100%	100%	RMB nil	Property Management, the PRC
Poly Anhui Property Service Co., Ltd., ("**Poly Anhui**"), 保利安徽物業服務有限公司 (Note (d))	Incorporated on 30 December 2020 in PRC	100%	100%	RMB nil	Property Management, the PRC
Poly (Jiangsu) Property Service Development Co., Ltd., ("**Poly (Jiangsu)**"), 保利(江蘇)物業服務發展有限公司 (Note (d))	Incorporated on 31 December 2020 in PRC	100%	100%	RMB nil	Property Management, the PRC
Guangdong Poly Yuewan Property Services Co., Ltd. ("**(Poly Yuewan)**"), 廣東保利粵灣物業服務有限公司 (Note (d))	Incorporated on 12 January 2021 in PRC	—	100%	RMB nil	Property Management, the PRC
Poly Shaanxi Property Services Co., Ltd. ("**Poly Shaanxi**"), 保利陝西物業服務有限公司 (Note (d))	Incorporated on 5 January 2021 in PRC	—	100%	RMB nil	Inactive
Poly Sichuan Property Services Co., Ltd ("**Poly Sichuan**"), 四川保利物業服務有限公司 (Note (d))	Incorporated on 14 January 2021 in PRC	—	100%	RMB nil	Property Management, the PRC
Poly (Jiashan) City Operation and Services Co., Ltd. ("**Poly Jiashan Operation**"), 保利(嘉善)城市運營服務有限公司 (Note (e))	Incorporated on 3 February 2021 in PRC	—	100%	RMB nil	Property Management, PRC
Shenyang Liaohe Baochuang Property Comprehensive Service Co., Ltd. ("**Shenyang Baochuang**") 瀋陽遼河保創物業綜合服務有限公司 (Note (e))	Incorporated on 17 June 2021 in PRC	—	70%	RMB nil	Inactive

32. INTEREST IN SUBSIDIARIES (Continued)

Details of particular of material subsidiaries are as follows: (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Attributable equity interest of the Company At 31 December 2020	Attributable equity interest of the Company At 31 December 2021	Issued and fully paid share capital	Principal activities and place of operations
Poly (Jiashan) Comprehensive Service Management Co., Ltd. ("**Poly Jiashan Comprehensive**"), 保利(嘉善)綜合服務管理有限公司 (Note (e))	Incorporated on 2 August 2021 in PRC	—	100%	RMB Nil	Inactive
Neimenggu Poly Aizhimeng Property Services Co., Ltd. ("**Poly Aizhimeng**"), 內蒙古保利愛之蒙物業服務有限公司 (Note (e))	Incorporated on 9 September 2021 in PRC	—	51%	RMB5,000,000	Property Management, the PRC
Liaoning Huichuang Property Management Co., Ltd. ("**Liaoning Huichuang**"), 遼寧暉創物業管理有限公司 (Note (e))	Incorporated on 25 October 2021 in PRC	—	51%	RMB3,000,000	Property Management, the PRC
Sichuan Baochuang Guojing Property Service Co., Ltd. ("**Sichuan Baochuang**"), 四川保創國經物業服務有限公司 (Note (e))	Incorporated on 23 December 2021 in PRC	—	51%	RMB Nil	Property Management, the PRC

Notes:

(a) The English names of all subsidiaries established in the PRC are translated for identification purpose only.

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

(c) All entities established in the PRC are in the form of domestic limited liability company.

(d) The equity interests are directly held by the Company at the date of this report.

(e) The equity interests are indirectly held by the Company at the date of this report.

(f) Poly (Changchun) Property Service Co., Ltd. ("**Poly (Changchun)**") was accounted for as 50%-interest subsidiary of the Group, as all the strategic financial and operating decisions required approval by unanimous consent of all of the shareholders. All the shareholders of Poly (Changchun) entered into an acting in concert agreement, by execution of the acting in concert agreement, the other shareholder agreed to follow the strategic financial and operating decision made by the Group when unanimous consent has not reached. Since the Group obtained the effective control of voting power to govern the relevant activities of Poly (Changchun), Poly (Changchun) is accounted for as the subsidiary of the Group.

(g) Tianjin Xinhe Physical Fitness Services Co., Limited was deregistered during the year ended 31 December 2021.

33. MATERIAL RELATED PARTIES TRANSACTIONS

The Group entered into the following material related party transactions during the years ended 31 December 2021 and 2020:

(a) Name and relationship

Name of related parties	Relationship with the Group
Poly Developments and Holdings Group	Immediate Holding Company and its subsidiaries
Poly Finance	Subsidiary of China Poly Group

(b) Material related party transactions

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Poly Developments and Holdings Group		
Provision of services		
— Property management services	**165,053**	155,707
— Value-added services to non-property owners, other than subleasing income	**1,140,676**	980,399
— Community value-added services	**161,924**	73,314
— Subleasing income	**39,743**	3,654
Shared rent	**11,125**	984
Remaining rent	**25,457**	—
Interest income	**—**	50
Purchase of inventories	**—**	1,860
Lease contract arrangements		
— Right-of-use assets	**674,881**	181,865
— Lease liabilities	**31,471**	206,793
— Depreciation	**243,340**	51,271
— Interest expense	**4,867**	3,488
— Rental expense	**10,336**	11,182
Trademark fee	**—**	—*
Hardware Procurement expenses	**8,855**	1,136

33. MATERIAL RELATED PARTIES TRANSACTIONS (Continued)

(b) Material related party transactions (Continued)

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Associates of Poly Developments and Holdings Group		
Provision of services		
— Property management services	**26,296**	12,710
— Value-added services to non-property owners, other than subleasing income	**138,261**	130,070
— Community value-added services	**17,298**	9,518
— Subleasing income	**14,104**	928
Lease contract arrangements		
— Right-of-use assets	**399**	657
— Lease liabilities	**413**	662
— Depreciation	**267**	131
— Interest expense	**3**	14
Joint venture of Poly Developments and Holdings Group		
Provision of services		
— Property management services	**7,149**	7,438
— Value-added services to non-property owners, other than subleasing income	**76,699**	41,528
— Community value-added services	**19,451**	22,567
Lease contract arrangements		
— Right-of-use assets	**—**	6
— Lease liabilities	**—**	—
— Depreciation	**—**	1,306
— Interest expense	**—**	8
Poly Finance		
Interest income	**20,692**	19,394

* The balances represent amount less than RMB1,000.

34. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits, respectively.

The directors of the Company review the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through the payment of dividends, new shares issue and share buy-back as well as the issue of new debts or redemption of existing debt, if necessary.

Management regards total equity as capital. The amount of capital as at 31 December 2021 and 2020 amounted to approximately RMB6,888,762,000 and RMB6,246,779,000 respectively, which the management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

35. FINANCIAL RISK MANAGEMENT

The Group's major financial instruments include financial assets at FVTOCI, trade receivables, deposits and other receivables, cash and cash equivalents, trade payables, accrued charges and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include interest rate risk, currency risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Interest rate risk

As the Group has no significant interest-bearing assets and liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rate.

(b) Credit risk

The Group is exposed to credit risk in relation to its trade receivables, other receivables and cash deposits at banks. The carrying amounts of trade receivables, other receivables, cash and cash equivalents and restricted cash represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and financial institution. Management does not expect that there will be any significant losses from non-performance by these counterparties.

35. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

The Group has large number of customers and there was no concentration of credit risk. The Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each years to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each years. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of individual property owner or the borrower
- Significant increases in credit risk on the other financial instruments of the individual property owner or the same borrower
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower

35. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

(i) Trade receivables

As at 31 December 2021 and 2020, the loss allowance for trade receivables was determined as follows.

Trade receivables	Third parties Up to 1 year RMB'000	 1 to 2 year RMB'000	 Over 2 years RMB'000	Related parties RMB'000	 Total RMB'000
At 31 December 2020					
Expected loss rate	2.5%	4.8%	82.8%	3.8%	
Gross carrying amount	545,837	14,074	10,672	349,826	920,409
Loss allowance provision	13,867	672	8,837	13,282	36,658
At 31 December 2021					
Expected loss rate	**3.5%**	**5.0%**	**84.5%**	**3.3%**	
Gross carrying amount	**1,058,415**	**23,586**	**10,642**	**389,073**	**1,481,716**
Loss allowance provision	**36,549**	**1,176**	**8,997**	**12,701**	**59,423**

The following significant changes in the gross carrying amounts of trade receivables contributed to the increase in the loss allowances for the year ended 31 December 2021:

— Origination of new trade receivables net of those settled resulted in an increase in loss allowances of RMB22,060,000; and

— Increase in amounts past due over 1 year resulted in an increase in loss allowances of RMB705,000.

35. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

(ii) Deposits and other receivables

As at 31 December 2021 and 2020, the loss allowance for deposits and other receivables was determined as follows.

Deposits and other receivables	Third parties RMB'000	Related parties RMB'000	Total RMB'000
At 31 December 2020			
Expected loss rate	3.3%	6.3%	
Gross carrying amount	381,952	42,501	424,453
Loss allowance provision	12,526	2,662	15,188
At 31 December 2021			
Expected loss rate	**3.3%**	**5.3%**	
Gross carrying amount	**626,358**	**42,289**	**668,647**
Loss allowance provision	**20,796**	**2,261**	**23,057**

(iii) Trade and other receivables

	Trade receivables RMB'000	Other receivables RMB'000	Total RMB'000
At 1 January 2020	15,455	11,076	26,531
Provision for loss allowance recognised in profit or loss	21,203	4,112	25,315
At 31 December 2020 and 1 January 2021	**36,658**	**15,188**	**51,846**
Provision for loss allowance recognised in profit or loss	**22,765**	**7,869**	**30,634**
At 31 December 2021	**59,423**	**23,057**	**82,480**

As at 31 December 2021 and 2020, the gross carrying amount of trade and other receivables was RMB2,150,363,000 and RMB1,344,862,000, thus the maximum exposure to loss was RMB2,150,363,000 and RMB1,344,862,000 respectively.

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from current interest rate at the end of each years.

	Carrying amount RMB'000	Total contractual undiscounted cash flows RMB'000	Within one year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000
As at 31 December 2020						
Other financial liabilities	22,716	22,716	—	4,052	18,664	—
Trade payables	397,096	397,096	368,356	24,408	4,332	—
Accruals and other payables	1,172,984	1,172,984	797,532	298,486	76,966	—
Lease liabilities	238,121	247,015	220,261	13,092	10,323	3,339
	1,830,917	1,839,811	1,386,149	340,038	110,285	3,339
As at 31 December 2021						
Other financial liabilities	**21,337**	**21,337**	**—**	**21,337**	**—**	**—**
Trade payables	**803,640**	**803,640**	**803,640**	**—**	**—**	**—**
Accruals and other payables	**1,746,966**	**1,746,966**	**1,746,966**	**—**	**—**	**—**
Lease liabilities	**114,592**	**127,953**	**43,246**	**19,384**	**43,497**	**21,826**
	2,686,535	**2,699,896**	**2,593,852**	**40,721**	**43,497**	**21,826**

35. FINANCIAL RISK MANAGEMENT (Continued)

(d) Foreign exchange risk

The Group's businesses are principally conducted in RMB, except that receipts of proceeds from listing on the Main Board of the Stock Exchange and accrued listing expense are in other currency. As at 31 December 2021, major non-RMB assets are cash and cash equivalents of RMB292,487,000 and non-RMB liabilities are accruals and other payables of RMB39,389,000 denominated in HK dollar ("**HK$**"). Fluctuation of the exchange rates of RMB against foreign currency could affect the Group's results of operations.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the respective balance sheet dates are as follow:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Monetary assets and liabilities		
— HK dollar ("**HK$**")		
Cash and cash equivalent and short term deposits	**292,487**	304,928
Accruals and other payables	**(39,389)**	(40,141)
	253,098	264,787

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. If there is a 5% increase/decrease in RMB against the relevant currencies, the effect of increase/(decrease) in the profit for the year is as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
5% increase in RMB against HK$	**(9,491)**	(9,929)
5% decrease in RMB against HK$	**9,491**	9,929

35. FINANCIAL RISK MANAGEMENT (Continued)

(e) Fair value

(i) Financial instruments not measured at fair value

Financial instruments not measured at fair value include deposits and bank balances, trade receivables, deposits and other receivables, trade payables and accruals and other payables.

Due to their short term nature, the carrying values of these financial instruments approximates fair values.

(ii) Financial instruments measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the years on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 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 only Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs; and

- Level 3 valuations: Fair value measured using significant unobservable inputs

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Company determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent they are available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. In the absence of an active market, the fair value of financial instruments are estimated on the basis of an analysis of the investee' financial position and results, risk profile, prospects and other factors. For the unlisted equity securities, reference is also made to market valuations for similar entities in an active market, adjusted for lack of marketability discount.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Below provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities.

35. FINANCIAL RISK MANAGEMENT (Continued)

(e) Fair value (Continued)

(ii) Financial instruments measured at fair value (Continued)

31 December 2020	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTOCI				
— Unlisted equity investments	—	—	5,000	5,000
Financial liabilities at FVTPL				
— Liability arising from acquisition of Vastrong Property	—	—	14,612	14,612

31 December 2021	**Level 1 RMB'000**	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Financial assets at FVTOCI				
— Unlisted equity investments	**—**	**—**	**12,000**	**12,000**
Financial liabilities at FVTPL				
— Liability arising from acquisition of Vastrong Property	**—**	**—**	**15,565**	**15,565**

There were no transfers between levels during the years.

35. FINANCIAL RISK MANAGEMENT (Continued)

(e) Fair value (Continued)

(ii) Financial instruments measured at fair value (Continued)

Valuation techniques and inputs used in Level 3 fair value measurements:

	Fair value at 31 December 2020 RMB'000	Valuation technique	Unobservable input	Range	Relationship of inputs to fair value
Financial assets at FVTOCI					
— Unlisted equity investments	5,000	Market Comparable approaches	Discount for lack of marketability	40%	The higher the discount rate the lower the fair value
Financial liabilities at FVTPL					
— Liability arising from acquisition of Vastrong Property	14,612	Discounted cash flow method	Discount rate	5.5%	The higher the discount rate the lower the fair value

	Fair value at 31 December 2021 RMB'000	**Valuation technique**	**Unobservable input**	**Range**	**Relationship of inputs to fair value**
Financial assets at FVTOCI					
— Unlisted equity investments	**12,000**	**Market Comparable approaches**	**Discount for lack of marketability**	**40%**	**The higher the discount rate the lower the fair value**
Financial liabilities at FVTPL					
— Liability arising from acquisition of Vastrong Property	**15,565**	**Discounted cash flow method**	**Discount rate**	**5.0%**	**The higher the discount rate the lower the fair value**

35. FINANCIAL RISK MANAGEMENT (Continued)

(e) Fair value (Continued)

(ii) Financial instruments measured at fair value (Continued)

The fair value of unlisted equity investments are determined using the price/book ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 31 December 2021 and 2020, it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 1% would have increased/decreased the Group's other comprehensive income by RMB120,000 and RMB50,000 respectively.

The fair value of the liability arising from acquisition of Vastrong Property are determined using the bond yield of comparable listed companies adjusted for the discount rate. The fair value measurement is negatively correlated to the discount rate. As at 31 December 2021, it is estimated that with all other variables held constant, a decrease/increase in discount rate by 1% would have increased/decreased the Group's profit or loss by RMB162,000 (2020: RMB305,000) and RMB159,000 (2020: RMB295,000) respectively.

The movement during the years ended 31 December 2021 and 2020 in the balance of the level 3 fair value measurements are as follows:

	Financial assets at FVTOCI RMB'000	Financial liabilities at FVTPL RMB'000
At 1 January 2020	13,000	—
Net unrealised loss recognised in other comprehensive income during the year	(8,000)	—
Addition	—	14,612
At 31 December 2020 and 1 January 2021	**5,000**	**14,612**
Net unrealised gain recognised in other comprehensive income during the year	**7,000**	**—**
Net unrealised loss recognised in profit or loss during the year	**—**	**953**
At 31 December 2021	**12,000**	**15,565**

36. CASH FLOW INFORMATION

Cash generated from operations

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Profit before income tax expense	**1,162,437**	935,192
Adjustments for:		
Exchange loss/(gain), net	**8,872**	(29,290)
Depreciation of property, plant and equipment	**70,527**	60,643
Depreciation of leased assets and investment properties	**240,653**	35,495
Change in fair value of financial liabilities at fair value through profit and loss ("**FVTPL**")	**953**	—
Amortisation of intangible assets	**11,011**	7,436
Impairment loss on trade receivables	**22,765**	21,203
Impairment loss on other receivables	**7,869**	4,112
Impairment loss on interests in associates	**1,309**	—
Share of an associate's/joint venture's results	**(21,915)**	(17,745)
Bank interest income	**(80,088)**	(98,413)
Other interest income	**(21,644)**	(20,403)
Finance cost	**10,563**	4,805
Gain on modification of lease contracts, net	**(8,942)**	—
Loss on disposal of property, plant and equipment	**190**	59
Net cash generated from operating activities before changes in working capital	**1,404,560**	903,094
Changes in working capital:		
Decrease/(increase) in inventories	**77**	(4,282)
Increase in trade and bills receivables	**(559,486)**	(506,362)
Increase in prepayments, deposits and other receivables	**(280,243)**	(126,879)
Increase in trade payables	**406,544**	139,234
Increase in accruals and other payables	**553,198**	111,018
Decrease in other financial liabilities	**(2,332)**	—
Increase in contract liabilities	**199,214**	241,809
Cash generated from operations	**1,721,532**	757,632

36. CASH FLOW INFORMATION (Continued)

Reconciliation of liabilities arising from financing activities

	Accruals and other payables (Note 23) RMB'000	Lease liabilities (Note 25) RMB'000	Total RMB'000
At 1 January 2020	1,180,167	14,895	1,195,062
Changes from cash flows:			
Transaction costs attributable to the over-allotment of shares	(82,450)	—	(82,450)
Dividends paid to non-controlling interests	(13,580)	—	(13,580)
Payment of lease liabilities	—	(37,767)	(37,767)
Total changes from financing cash flows:	(96,030)	(37,767)	(133,797)
Other changes:			
Net change in accruals and other payables	162,691	—	162,691
Net change in lease liabilities	—	260,993	260,993
Total other changes	162,691	260,993	423,684
At 31 December 2020 and 1 January 2021	1,246,828	238,121	1,484,949
Changes from cash flows:			
Payment of lease liabilities	**—**	**(103,905)**	**(103,905)**
Total changes from financing cash flows:	**—**	**(103,905)**	**(103,905)**
Other changes:			
Net change in accruals and other payables	**534,012**	**—**	**534,012**
Net change in lease liabilities	**—**	**(19,624)**	**(19,624)**
Total other changes	**534,012**	**(19,624)**	**514,388**
At 31 December 2021	**1,780,840**	**114,592**	**1,895,432**

37. EVENTS AFTER THE REPORTING DATE

a. Subsequent to the end of the reporting period, the Board of directors proposed an annual dividend of RMB0.305 per share (tax inclusive) in respect of 2021, total amounted to RMB168,766,687 (tax inclusive). The annual dividend amount which shall be subject to the approval of the Shareholders at the annual general meeting to be held on 8 June 2022 has not been recognised as a liability at the end of the reporting period.

b. The First Phase Restricted Share Incentive Scheme ("**the Scheme**") and the Initial Grant Proposal have been considered and passed at the first extraordinary general meeting of 2022 held on 18 February 2022. The Scheme shall be valid and effective for a term of ten years. The objective of the Scheme is to (i) improve the corporate governance structure of the Company, establishing and enhancing the common interests of employees, shareholders and the Company as a whole; (ii) establish benefits and risk sharing mechanisms, avoiding short-term behaviors, promoting the Company's performance improvement and facilitating the long-term stable development of the Company; (iii) effectively attracting, retaining and motivating the core staff necessary for the development of the Company, stimulating the morale of employees and reinforcing the talent base for the long-term sustainable development of the Company. Details are set out in the Company's announcements dated 15 November 2021 and 28 January 2022 and the circular dated 31 January 2022.

FIVE YEAR FINANCIAL SUMMARY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December				
	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000	**2021** **RMB'000**
Revenue	3,240,334	4,229,378	5,966,836	8,037,156	**10,782,549**
Cost of services	(2,659,544)	(3,378,100)	(4,756,115)	(6,538,095)	**(8,767,909)**
Gross profit	580,790	851,278	1,210,721	1,499,061	**2,014,640**
Other income and other net gain	30,988	26,638	34,510	210,477	**153,909**
Selling and marketing expenses	—	—	(5,171)	(15,187)	**(9,460)**
Administrative expenses	(307,292)	(415,266)	(568,625)	(769,722)	**(1,006,025)**
Share of associates'/ joint ventures' results	1,237	4,607	16,282	17,745	**21,915**
Finance cost	(399)	(823)	(898)	(4,805)	**(10,563)**
Other expense	(2,059)	(3,621)	(1,385)	(2,377)	**(1,979)**
Profit before income tax expense	303,265	462,813	685,434	935,192	**1,162,437**
Income tax expense	(78,583)	(126,746)	(182,252)	(239,077)	**(291,553)**
Profit for the year	224,682	336,067	503,182	696,115	**870,884**
Profits for the year attributable to:					
— Owners of the Company	219,431	328,444	490,511	673,525	**845,693**
— Non-controlling interests	5,251	7,623	12,671	22,590	**25,191**
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss:					
Financial assets at fair value through other comprehensive income ("**FVTOCI**")					
— Change in fair value	3,750	5,508	2,200	(8,000)	**7,000**
Profits and total comprehensive income for the year	228,432	341,575	505,382	688,115	**877,884**
Profits and total comprehensive income attributable to:					
— Owners of the Company	223,181	333,952	492,711	665,525	**852,693**
— Non-controlling interests	5,251	7,623	12,671	22,590	**25,191**
Earnings per share (expressed in RMB per share)					
— Basic and diluted earnings per share	N/A	0.82	1.21	1.22	**1.53**

FIVE YEAR FINANCIAL SUMMARY

CONSOLIDATED STATEMENT OF ASSETS, EQUITY AND LIABILITIES

	As at 31 December				
	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000	**2021** **RMB'000**
Assets					
Non-current assets	115,208	255,070	267,761	545,529	**1,147,355**
Current assets	1,996,863	2,297,362	7,303,306	8,898,653	**9,990,568**
Total assets	2,112,071	2,552,432	7,571,067	9,444,182	**11,137,923**
Equity and liabilities					
Current liabilities	1,703,941	1,830,745	2,423,925	3,129,759	**4,136,162**
Non-current liabilities	7,823	28,558	24,894	67,644	**112,999**
Total liabilities	1,711,764	1,859,303	2,448,819	3,197,403	**4,249,161**
Total equity	400,307	693,129	5,122,248	6,246,779	**6,888,762**
Total equity and liabilities	2,112,071	2,552,432	7,571,067	9,444,182	**11,137,923**