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

Think Big

2020 ANNUAL REPORT

CORPORATE VISION

BECOMING THE PRIME PROVIDER OF THE COMREPHENSIVE PROPERTY ECOSYSTEM

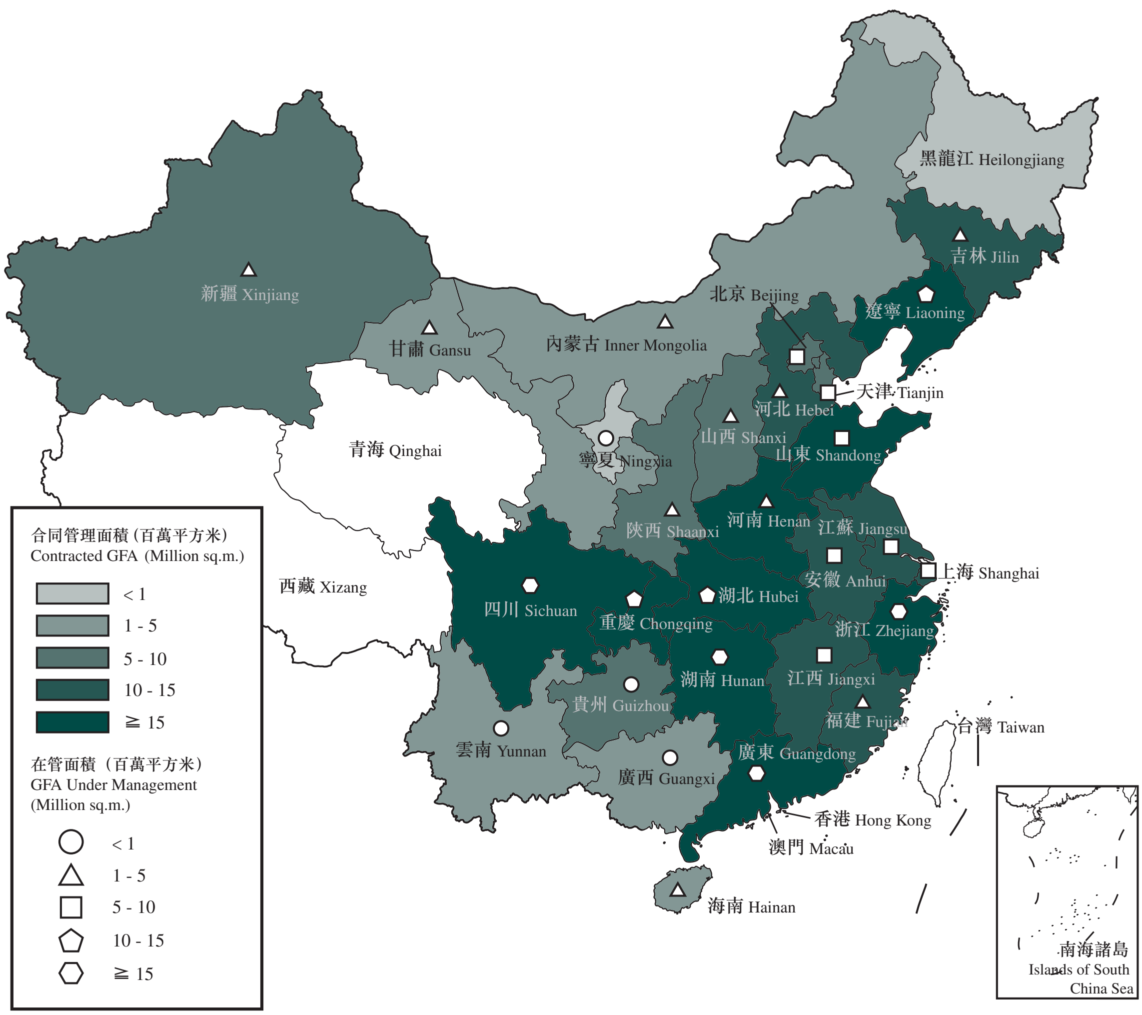
COPORATE MISSION

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, ranking the third among the listed property management companies according to the List of Top Ten Listed Property Management Companies in 2020 released by the China Property Management Institute ("**CPMI**"). With high-quality services and brand strength, we have enjoyed an industry-wide reputation. Our brand was valued at more than RMB12.2 billion in 2020. 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 2020, the Group has entered 184 cities in 29 provinces, autonomous regions and municipalities across the country, and recorded a gross floor area ("**GFA**") under management of approximately 380.1 million sq.m. with 1,389 projects under management, and a contracted GFA of approximately 567.2 million sq.m. with 1,948 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 (appointed on 9 October 2020)
Mr. Hu Zaixin

Executive Directors

Ms. Wu Lanyu (General Manager)
Mr. Li Jiahe (resigned on 27 August 2020)

Independent Non-executive Directors

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

BOARD COMMITTEES

Audit Committee

Ms. Tan Yan (Chairlady)
Mr. Liu Ping (appointed on 9 October 2020)
Mr. Hu Zaixin
Mr. Wang Xiaojun
Mr. Wang Peng
Mr. Huang Hai (resigned on 9 October 2020)

Remuneration Committee

Mr. Wang Xiaojun (Chairman)
Ms. Tan Yan
Mr. Wang Peng
Mr. Hu Zaixin (resigned on 9 October 2020)
Mr. Li Jiahe (resigned on 27 August 2020)

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 (appointed on 27 August 2020)
Ms. Chen Shuping (resigned on 27 August 2020)

JOINT COMPANY SECRETARIES

Mr. Yin Chao (appointed on 21 February 2020)
Ms. Yang Yang (resigned on 21 February 2020)
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

Allen & Overy
9th Floor, Three Exchange Square
Central
Hong Kong

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

COMPLIANCE ADVISER

GF Capital (Hong Kong) Limited
29–30/F, Li Po Chun Chambers
189 Des Voeux 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

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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
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Wanchai
Hong Kong

H SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
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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	
	2020	2019
Revenue (RMB million)	**8,037.2**	5,966.8
Gross profit (RMB million)	**1,499.1**	1,210.7
Gross profit margin	**18.7%**	20.3%
Profit for the year (RMB million)	**696.1**	503.2
Net profit margin	**8.7%**	8.4%
Profit for the year attributable to owners of the Company (RMB million)	**673.5**	490.5
Basic earnings per share (RMB)*	**1.22**	1.21
Return on shareholders' equity (weighted average)	**11.4%**	51.8%

* 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 2020 (the "**year**" or "**period**") and for the year ended 31 December 2019 was 552,459,000 and 404,749,000, 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	
	2020	2019
Total assets (RMB million)	**9,444.2**	7,571.1
Cash and cash equivalents (RMB million)	**7,448.1**	6,508.6
Total equity (RMB million)	**6,246.8**	5,122.2
Gearing ratio	**33.9%**	32.3%

MAJOR EVENTS IN 2020

On 7 August, Poly Property announced the full-value service system of "A Flourishing and Harmonious Ecosystem" at 2020 Guangzhou Smart Property Management Expo.

On 5 April, in response to the national call of "Stabilising Employment", Poly Property participated in the online recruitment of "National Recruitment Action" jointly organised by China Media Group, the SASAC and the MOHRSS, and announced our "Galaxy Talent Programme", "Companion Programme", "Heartwarming Employment Programme" and so on.

On 18 June, the fourth Spark Class kick-started. 2020 marked the closing year of national precise poverty alleviation. Honouring the social responsibilities of a central enterprise, Poly Property made contributions towards precise poverty alleviation by providing "education+employment" to a total of 340 registered underprivileged students in national-level poverty-stricken counties.

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Since February, all of the employees of Poly Property were proactively devoted to the anti-epidemic works to safeguard thousands of projects across the country. With our performance being unanimously recognised by property owners, customers, the government and the society, we received weighty awards such as outstanding unit and outstanding individual in the fight against COVID-19 from the State-owned Assets Supervision and Administration Commission ("**SASAC**") and Guangdong provincial government.

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On 28 September, in view of the tenth anniversary of "Harmony Courtyard", our residential property brand, Poly Property leveraged the Mid-Autumn Festival community IP activity of "A Myriad of Harmonious Lights" to introduce a new brand image for "Harmony Courtyard". A community ambience centring on the symbol of "warmth" has been created.

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On 27 October, Poly Property officially expanded its business into Xidong New City in Wuxi City and introduced an innovative urban management model to commence city-wide territorial management.

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On 18 December, a corporate culture and concept system of Poly Property was officially introduced to announce the core values of "insisting on helping customers and employees to succeed, winning the market with quality and facilitating development through innovation and change".

On 11 December, Harmonious China Beautiful China – 2020 Social Governance and Collaborative Innovation China Mayor Forum was held in Wuxi City, Jiangsu Province, at which the new strategy of Poly Property was announced. Adhering to the position of "national power in the age of Comprehensive Property" and upholding the concept of "to serve the people by managing and achieving", Poly Property has striven to become the prime provider of the Comprehensive Property ecosystem.

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1	**October 2020**	Outstanding Unit in the Fight against COVID-19 as a Central Enterprise **Awarding entity:** the Party Committee of the SASAC
2	**May 2020**	2020 Top 10 Listed Companies of Property Management Service **Awarding entity:** China Property Management Institute
3	**May 2020**	2020 Top 10 Listed Companies of Property Management Service in terms of Leading Innovation **Awarding entity:** China Property Management Institute
4	**September 2020**	2020 Top 500 Property Management Companies in terms of Overall Strength **Awarding entity:** China Property Management Research Institution and E-House Real Estate R&D Institute
5	**September 2020**	2020 Top 100 Most Valuable Brand of Property Management Service **Awarding entity:** China Property Management Research Institution and E-House Real Estate R&D Institute
6	**September 2020**	2020 Leading Companies in Commercial Property Service **Awarding entity:** China Property Management Research Institution and E-House Real Estate R&D Institute

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7 **September 2020** 2020 Leading Companies in Public Property Service
Awarding entity: China Property Management Research Institution and E-House Real Estate R&D Institute

8 **September 2020** 2020 Featured Brand of Property Management Service – Harmony Courtyard
Awarding entity: China Property Management Research Institution and E-House Real Estate R&D Institute

9 **December 2020** 2020 Quality Leading Companies in Property Service
Awarding entity: China Property Management Research Institution and E-House Real Estate R&D Institute

10 **May 2020** 2020 TOP100 Property Management Companies in China (TOP 3)
Awarding entity: China Index Academy

11 **September 2020** 2020 Specialised Operational Leading Brand of China Property Service Companies (Brand value: RMB12.28 billion)
Awarding entity: China Index Academy

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the board (the "**Board**") of the directors (the "**Directors**") of the Company, I am pleased to present the annual results of the Group for the year ended 31 December 2020. During the year, the Group recorded a revenue of approximately RMB8,037.2 million, representing an increase of approximately 34.7% as compared to the corresponding period of 2019; a gross profit of approximately RMB1,499.1 million, representing an increase of approximately 23.8% as compared to the corresponding period of 2019; a profit for the year of approximately RMB696.1 million, representing an increase of approximately 38.3% as compared to the corresponding period of 2019; and a profit for the year attributable to owners of the Company of approximately RMB673.5 million, representing an increase of approximately 37.3% as compared to the corresponding period of 2019. The Board recommends the payment of an annual dividend for 2020 of RMB0.43 per share (2019: RMB0.3 per share).

A LOOK BACK AT 2020

The year of 2020 was an extraordinary year. The outbreak of COVID-19 rigorously challenged people's lives and social and economic development. In this battle against the pandemic, all of the employees of Poly Property helped fulfill Poly Property's responsibility as a central enterprise to safeguard the country and the people, efficiently cooperated with governments at all levels to build an gridded anti-pandemic front, determined to assume the responsibility and endure hardship in protecting the community and homes in order to ensure normal operation and production of the enterprise with our professionalism and to build up a strong fortification against the pandemic. Our movements have been unanimously recognised by property owners, government and society. The year of 2020 was also a year of endeavoring. Striving to tide over challenges and proceed courageously, the employees of Poly Property will consolidate its "Comprehensive Property" strategy and work hard in multiple ways, ranging from business expansion, quality enhancement to management intensification, thereby continuing to create value for our Shareholders, customers, employees and society.

Accelerating breakthroughs in market-oriented development, and the scale of "Comprehensive Property" reached a new level. As we adhered to our market-oriented development, the single-year contract value of projects from third parties acquired was approximately RMB1,715.2 million during the year, of which the proportion of non-residential businesses continued to rise, the number of benchmark projects increased rapidly and the overall scale reached a new level. As at 31 December 2020, we had expanded into 184 cities in 29 provinces, municipalities and autonomous regions across China, with contracted GFA of approximately 567.2 million sq.m., 1,948 contracted projects, GFA under management of approximately 380.1 million sq.m. and 1,389 projects under management. For the year ended 31 December 2020, the proportion of revenue from property management services derived from projects from third parties increased by 8.3 percentage points to 26.4% as compared to the corresponding period of last year.

Consolidating presence in the public service-related market and collaborating with innovations on social governance. Always echoing with and responding to national policies, Poly Property has continued to consolidate its services in the diversified businesses in cities as well as town areas, and promoted integration of property services and social governance in an innovative way under its concept of "to serve the people by managing and achieving" (善治善成，服務民生). We continued to expand our business layout across the country for diversified businesses of public services. As at 31 December 2020, we expanded into 26 provinces, with GFA under management of approximately 201.3 million sq.m. and 393 projects under management, representing an increase of 127 projects under management as compared to last year. We further concentrated on three core businesses, namely properties in towns and scenic areas, higher education, teaching and research properties, railways and transportation properties, and achieved breakthroughs in a number of projects themed on integration of environmental sanitation. We successfully convened the 3rd China Social Governance and Collaborative Innovation Mayor Forum* (第三屆中國社會治理與協同創新鎮長論壇), commenced public service-related strategies and launched a new product series of "Towns Revitalisation" (鎮興中國), all serving for facilitating innovation of models that promote the modernization of social governance and the national implementation of the same.

High-quality service experience coming from a standardised service system. As we have adopted a quality-oriented approach on service offering, we continued to upgrade our standardised service system applicable to various businesses that was established by taking customers' perspective when experiencing different services, so that the Group could enhance its quality through refined management. During the year, we launched an ultra-standardised operation and service system in residential communities across the country, further improving the precision of control on projects and maintaining high satisfaction from and solicitation rates of property owners as compared with our industry peers. In the area of public services, we developed a standardised service system applicable to various businesses and issued a service manual on standardised urban services, in order to facilitate "refined governance" (精細善治) in social governance through refined services and management control.

Creating a diversified ecosystem of value-added services that focuses on the needs of property owners and customers. Riding on our diversified business layout, we were committed to providing property owners with diversified daily life-related services with premium quality by bringing together various internal and external premium resources, thereby offering consumers with more valuable professional services. As our supply chain system improved, our operation consolidated and our business model became more well-established, we gradually expanded from the four vertical businesses, namely move-in and furnishing services, community retail, community media and housekeeping services, to areas such as daily life-related services, professional services and asset management, with the aim to create a more diversified and high-quality value-added service system.

Accelerating the construction of the platform for smart property management services through comprehensive digitalization. Believing that a shift to digitalization and technology empowerment will be the core driving forces to reform the industry, we carried out a comprehensive digitalization plan in four major areas, namely internal control system, project management, smart community and value-added services. During the year, we focused on internal control systems in relation to areas such as costing and budgeting in order to further improve our control and efficiency of management. We upgraded our unmanned surveillance system for car parks and launched "Heyuan Youpin" (和院優品) online shop, thereby bringing a more enjoyable living and consumption experience to property owners and further exploring the profit potential of our projects.

We believed that a platform for smart property management services would improve our competitiveness as this would enhance customer experience, improve management efficiency and facilitate our innovation on business models, and consequently conducive to realisation of our "Comprehensive Property" strategy.

Intensifying establishment of corporate culture and focusing on building up a team of talents and organizational innovation. During the year, we continue to develop our "Spark Culture" (星火文化) system and reached a consensus on our vision, mission, core values and strategies, and worked in solidarity among peers in the Company to achieve the shared goal of "to serve the people by managing and achieving" (善治善成，服務民生), which in turn facilitated our progress towards strategic and operational goals. We stepped up our efforts in building up our team of talents, and brought in more managerial and professional talents as well as new recruits from schools during the year. By enhancing our talent training across different levels as well as assessment and incentive system, a team that is competitive, diligent, pragmatic, aggressive and positive-minded could be built, which would give a stronger impetus to our development.

CHAIRMAN'S STATEMENT

OUTLOOK

The year of 2020 marked the end of the 13th Five-Year Plan. The period of 13th Five-Year Plan represents the five years of hard work and dedication made by all Poly Property employees. In the past five years, we have capitalised on the rapid growth of the industry and achieved excellent results in the expansion of our strategic scope and diversification of businesses, thus establishing our competitive position as a pioneer in the era of Comprehensive Property. In these past five years, we also have been following our original philosophy on services and continued to offer high quality services, which have been well received by property owners, the government and society, and in turn significantly enhanced our brand reputation. Likewise, in these past five years, we have established an informatised and institutionalised system on corporate management and successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**"), included in indices including the Hang Seng Composite Index and the MSCI China Index, suggesting that we are highly recognised by the capital market.

The year 2020 was also a year for the Group to conclude the past and devise for the future in terms of its strategic development. Looking ahead, the property management industry is facing a period that witnesses the speeding up of the process of industrial regulation and market-oriented development, the expansion of service scope, industrialisation of value-added services and digitalization in which we could seek any strategic opportunities.

The industry has become more quality-oriented, regulated and market-oriented. The multiple policy documents issued in the last year have provided clear guidance for the long-term and healthy development of the industry. It is believed that by improving the operational mechanism of the industry and strengthening the regulation and supervision of the industry, the overall service level and marketability of the industry will be enhanced. Property management enterprises with good reputation and reliable service quality can further capitalise on their competitive advantages and enjoy better development opportunities.

Optimistic about the extensive advantages brought by the expansion of service scope. As the property management industry further integrates into the basic social governance institution, the areas in which our services are available will expand from private communities to urban public spaces, and our service scope will also gradually expand from basic property services to professional ones such as municipal environmental sanitation services as well as facilities management services. By leveraging its professionalism and centralised management capabilities, the property management industry is expected to provide integrated solutions for public services offered by the government, thereby sharing the industry opportunities from serving people in areas such as market-oriented development of logistic services, the refined urban management and the renovation and maintenance of existing properties.

Value-added services gradually entering into the phase of industrialisation. In the past few years, in general, the property management industry enjoyed a rapid increase in revenue by developing around the concept of community retailing or the offering of turnkey furnishing and move-in services. In the future, value-added services will break through the kick-off period and grow into a systemic industry. We may further satisfy diversified service needs of our property owners and various customers by keeping enhancing our products and services and producing a competitive and widely applicable business model that fits various circumstances, while truly integrating into daily consumption and service scenarios.

Digitalization as the next impetus propelling development of the industry. New technologies such as the Internet, Internet of Things and big data will fundamentally reshape the traditional property management enterprises by improving management efficiency, revamping service models, offering high-quality and differentiated products, and speeding up the development of an industry chain. As the industry enters into a phase of scaling and focusing on quality and witnesses more horizontal extension of the industry chain, digitalization is inevitable for the industry to develop from a labour-intensive industry to be more of intelligent operation. Digitalization is also necessary for property management enterprises to enhance their market competitiveness and ability to expand.

In the first year of the 14th Five-Year Plan, we will echo with and respond to national policies and capitalise on any strategic opportunities in the prime time for the development of the industry, while proactively realizing our corporate mission of "To serve the people by managing and achieving" (善治善成，服務民生) and realizing our development goal of becoming the prime provider of the Comprehensive Property ecosystem, by optimizing our scale and quality, introducing more innovative business models, continuing to improve our customer experience and speeding up technological empowerment and organisational innovation.

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

Guangzhou, China, 24 March 2021

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, ranking the third among the listed property management companies according to the List of Top Ten Listed Property Management Companies in 2020 released by the China Property Management Institute. With high-quality services and brand strength, we have enjoyed an industry-wide reputation. Our brand was valued at more than RMB12.2 billion in 2020. As at 31 December 2020, the Group had a total of 1,948 contracted projects with an aggregate contracted GFA of approximately 567.2 million sq.m., covering 184 cities across 29 provinces, municipalities and autonomous regions in China; and the aggregate GFA under management of the Group's projects reached approximately 380.1 million sq.m. with a total of 1,389 projects under management. The Group has actively pushed forward the "Comprehensive Property" strategy and its business portfolio covers residential communities, commercial and office buildings, and public and other properties.

The Group derives revenue 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 61.6% of the total revenue

For the year ended 31 December 2020, the Group's revenue from property management services amounted to approximately RMB4,947.6 million, representing an increase of approximately 28.7% as compared to the corresponding period of 2019, 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 GFA:

	As at 31 December					
	2020		2019			
Source of projects	**Contracted GFA '000 sq.m.**	**Percentage of contracted GFA %**	Contracted GFA '000 sq.m.	Percentage of contracted GFA %	New GFA acquired during the year '000 sq.m.	Growth rate %
Poly Developments and Holdings Group (Note)	**240,145**	**42.3**	209,792	42.1	30,353	14.5%
Third parties	**327,057**	**57.7**	288,331	57.9	38,726	13.4%
Total	**567,202**	**100.0**	498,123	100.0	69,079	13.9%

Note: The related figures 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 Development and Holdings Group**"), its joint ventures and associates.

As the leader in the real estate industry in China, the steady development of Poly Developments and Holdings Group, our controlling shareholder, and its support brought along with increasing business demand for the Group. As at 31 December 2020, the contracted GFA from Poly Development and Holdings Group reached approximately 240.1 million sq.m., representing an increase of approximately 30.4 million sq.m. as compared to the contracted GFA as at 31 December 2019.

Our Group has exerted great efforts in market development through various methods such as invitations of tender and tenders, joint investment and cooperation and mergers and acquisitions by capitalizing on the outstanding quality of its service offerings, its well-consolidated resources accumulated as a central enterprise and its reputable brand. During the year, we acquired 382 new contracted projects from third parties with the single-year contract value of projects of approximately RMB1,715.2 million (exclusive of any renewed contracted projects). As at 31 December 2020, the Group's contracted GFA from third parties was approximately 327.1 million sq.m., representing an increase of approximately 38.7 million sq.m. compared with that of 31 December 2019.

As for invitations of tender and tenders, during the year, the Group consolidated its market expansion system and accelerated the expansion of its team of talents to fuel its expansion, and increased the effectiveness of its expansion by more focusing on investments in key non-residential business and major projects, leading to 355 newly contracted projects from third parties with the single-year contract value of projects of approximately RMB1,640.3 million (exclusive of any renewed contract) among which single-year contract value from non-residential business accounted for over 65% and major projects with the single-year contract value of over RMB10 million also accounted for nearly 50% in total. The Group also maintained good momentum in the expansion into residential projects from third parties, with the contracted GFA of residential projects from third parties increasing by 20.0 million sq.m. to 87.7 million sq.m., as compared to that of the end of 2019.

The Group also took the initiative in joint investment and cooperation with state-owned enterprises and local state-owned enterprises so that it can leverage the complementary cooperation with one another in terms of resources and capabilities, and fully capitalise on the opportunities arising from development of integrated logistics services in the society. During the year, the Group completed the establishment of joint venture companies with four state-owned enterprises located in Huaihua City and Ningxiang City in Hunan Province, Jiujiang City in Jiangxi Province and Quzhou City in Zhejiang Province.

During the year, the Group successfully completed the acquisition of Chengdu Vastrong Property Development Co., Limited* (成都華昌物業發展有限責任公司) ("**Vastrong Property**"). Vastrong Property, which was converted from a state-owned professional service enterprise established by Chengdu Urban-Rural Housing Bureau* (成都市房管局), possesses extensive resource reserves, strong market influence and reputable brand in the sector of commercial offices and public buildings in Chengdu. The properties under its management are principally commercial offices and large-scale public buildings in two central business districts of Chengdu. Some of its flagship projects include Tianfu IFC*(天府國際金融中心), Chengdu Hi-Tech International Plaza* (成都高新國際廣場), Sichuan Art Museum* (四川美術館) and Chengdu Women's and Children's Centre* (成都市婦女兒童中心). By complementing resources and capabilities of one another, Vastrong Property is able to bolster the Group's competitiveness in providing property management services to commercial offices and public building sectors in the Southwest region.

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:

	For the year ended or as at 31 December									
	2020					2019				
Source of projects	Revenue RMB'000	%	GFA under management '000 sq.m.	%	Number of projects under management	Revenue RMB'000	%	GFA under management '000 sq.m.	%	Number of projects under management
Poly Developments and Holdings Group	**3,642,596**	**73.6**	**152,288**	**40.1**	**746**	3,148,908	81.9	128,757	44.9	608
Third parties	**1,304,959**	**26.4**	**227,838**	**59.9**	**643**	694,920	18.1	158,194	55.1	402
Total	**4,947,555**	**100.0**	**380,126**	**100.0**	**1,389**	3,843,828	100.0	286,951	100.0	1,010

As at 31 December 2020, the total GFA under management of the Group was approximately 380.1 million sq.m., of which approximately 152.3 million sq.m. were from Poly Developments and Holdings Group and approximately 227.8 million sq.m. were from third parties. In addition, revenue from property management services to third parties amounted to approximately RMB1,305.0 million, representing a significant increase of approximately 87.8% as compared to the corresponding period of 2019 and accounting for approximately 26.4% of the total revenue from property management services, which represents an increase of 8.3 percentage points as compared to the corresponding period in 2019.

Equal emphasis on residential and non-residential businesses

The Group has accelerated its "Comprehensive Property" strategy. Based on the steady growth of the residential management scale, the diversified business structure has been further optimised. The non-residential business has become one of the important driving forces for the scale development of the Group. As at 31 December 2020, the GFA under management of non-residential business increased to approximately 212.6 million sq.m., accounting for 55.9% of the total GFA under management. During the year, we recorded revenue of property management services from non-residential properties of approximately RMB1,499.3 million, representing an increase of 53.0% as compared to the corresponding period of 2019. The proportion of such revenue to the overall revenue of property management services increased by 4.8 percentage points year-on-year to 30.3%.

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:

	For the year ended or as at 31 December									
	2020					2019				
Source of projects	**Revenue RMB'000**	**%**	**GFA under management '000 sq.m.**	**%**	**Number of projects under management**	Revenue RMB'000	%	GFA under management '000 sq.m.	%	Number of projects under management
Residential communities	**3,448,240**	**69.7**	**167,525**	**44.1**	**832**	2,864,046	74.5	138,815	48.4	655
Non-residential properties	**1,499,315**	**30.3**	**212,601**	**55.9**	**557**	979,782	25.5	148,136	51.6	355
– Commercial and office buildings	**695,291**	**14.1**	**11,285**	**3.0**	**164**	498,839	13.0	7,812	2.7	89
– Public and other properties	**804,024**	**16.2**	**201,316**	**52.9**	**393**	480,943	12.5	140,324	48.9	266
Total	**4,947,555**	**100.0**	**380,126**	**100.0**	**1,389**	3,843,828	100.0	286,951	100.0	1,010

For residential communities, the Group has established two major property service brands of "Harmony Courtyard" and "Oriental Courtesy" as its dedicated effort to offer premium living experience to property owners through refined management and standardised services. During the year, the Group enhanced its operational efficiency and stabilised its quality on services through our promotion of six standards across the country, namely service standards, operational standards, staff deployment standards, management and control standards, assessment and motivation standards and staff competency standards. As at 31 December 2020, the GFA under management in the Group's residential communities was approximately 167.5 million sq.m., accounting for approximately 44.1% of the total GFA under management. For the year ended 31 December 2020, revenue from property management services for residential communities amounted to approximately RMB3,448.2 million, representing an increase of approximately 20.4% as compared to the corresponding period of 2019 and accounting for approximately 69.7% 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" while taking into account the demand for commercial and office buildings from enterprises, all for the aim of developing into the top brand of commercial service provider with state-owned background in China. During the year, we ventured into the market of landmark buildings and signed new contracts for high-quality projects such as the China Development Bank Tower, the office buildings of Ministry of Culture and Tourism, the office building of Zhong She Group* (中設集團) in Beijing and the office building of China Drawnwork Group* (中國抽紗集團) and the International Convention and Exhibition Center in Heping District, Shenyang. As of 31 December 2020, the GFA of commercial and office buildings under management of the Group was approximately 11.3 million sq.m. For the year ended 31 December 2020, revenue from property management services for commercial and office buildings amounted to approximately RMB695.3 million, representing an increase of approximately 39.4% as compared to the corresponding period of 2019.

Nebula Ecology

Nebula Ecology of Poly Property adopts a brand proposition of "being born for the top 500" and strives to develop into the "top 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". We are helping to push forward basic social governance by developing a wide range of businesses in cities and urban areas. As a pioneer in the public service sector, the Group continued to expand its footprints nationwide through various types of business coverage, including higher education and teaching and research properties, towns and scenic areas, government office buildings, urban public facilities and railways and transportation properties, with focus gradually shifted to three major business types, namely higher education and teaching and research properties, railways and transportation properties, and towns and scenic areas. As of 31 December 2020, the Group had 393 projects under management, representing an increase of 127 projects as compared to the end of 2019, with the GFA under management of approximately 201.3 million sq.m., among which 212 projects, accounting for over 50%, were projects under management from the three major business types. For the year ended 31 December 2020, the Group's revenue from public and other properties amounted to approximately RMB804.0 million, representing an increase of 67.2% as compared to the corresponding period in 2019 and accounting for approximately 16.2% of the total revenue from property management services, which reflected an increase of approximately 3.7 percentage points in its proportion in revenue as compared to the corresponding period of 2019. During the year, the Group's newly signed projects included the Xidong New City Territorial Management Project in Wuxi City (無錫市錫東新城全域化管理項目), Adou Village Scenic Area in Henan Province (河南省阿斗寨景區), the on-train cleaning service on the high-speed railway trains at Xiamen North Station (廈門北站高鐵動車組隨車保潔), Line 1 of the Xi'an Metro (西安市軌道交通一號線), Hunan Radio and Television University (湖南廣播電視大學) and National Agricultural Exhibition Center (全國農業展覽館).

The Group actively explored into the industry of integrated environmental sanitation services and extended its industrial chain in urban services while promoting synergies among businesses. During the year, we successfully signed contracts for and have undertaken environmental sanitation projects in Jianxi District of Luoyang City, Nansha District of Guangzhou City and Pulandian District of Dalian City.

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".

The Group was making progress in promoting a system that offers standardised services to improve its service quality. We have compiled manuals on standardised services for the town areas, scenic areas, rail transport, highway service areas, industrial parks and campus, etc. As we kept regulating operational procedures and service standards, we standardised our service quality, thereby enhancing our quality of service. We have implemented a product and service portfolio that focuses on gridded governance, integrated municipal services, one-stop urban renewal, intelligent livelihood supporting service and customised business empowerment, such that whole-process solutions were available for government's basic social governance. In December 2020, the Group successfully held the 3rd Social Governance and Collaborative Innovation China Mayor Forum* (第三屆社會治理與協同創新中國鎮長論壇) in Wuxi City, Jiangsu Province, at which we conducted in-depth discussions with hundreds of town mayors and experts on the new ideology of basic social governance and actively promoted the urban governance experience.

Average property management fee per unit

Through raising the pricing standard of new projects and prices of some existing projects under management, the average property management fee per unit of the Group continued to increase.

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		
	2020	2019	Changes
	(RMB/sq. m./month)		(RMB)
Residential communities	**2.23**	2.21	Increase of 0.02
– Poly Developments and Holdings Group	**2.30**	2.28	Increase of 0.02
– Third parties	**1.78**	1.68	Increase of 0.10
Commercial and office buildings	**7.83**	7.10	Increase of 0.73
– Poly Developments and Holdings Group	**8.98**	8.09	Increase of 0.89
– Third parties	**5.91**	4.31	Increase of 1.60

Value-added services to non-property owners – representing approximately 16.7% 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 commercial 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:

	Year ended 31 December			
	2020		2019	
Service Type	**RMB'000**	**Percentage of revenue %**	RMB'000	Percentage of revenue %
Pre-delivery services	**953,684**	**71.1**	783,334	80.9
Other value-added services to non-property owners	**387,567**	**28.9**	185,418	19.1
Total	**1,341,251**	**100.0**	968,752	100.0

The Group's revenue from value-added services to non-property owners for the year ended 31 December 2020 was approximately RMB1,341.3 million, representing an increase of approximately 38.5% as compared to the corresponding period of 2019, which was mainly due to (i) an increase in the number of projects provided with pre-delivery services from the Group; and (ii) the rapid growth of other value-added services to non-property owners from 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 21.7% of the total revenue

The Group pays close attention to the diverse needs of property owners in residential communities and is dedicated to building up an well-established community value-added service ecosystem by connecting both internal and external premium resources, so that property owners can enjoy premium and convenient community services and products at bargain prices and an exquisite living experience. For the year ended 31 December 2020, the Group's revenue from community value-added services amounted to approximately RMB1,748.3 million, representing a rapid growth of approximately 51.5% compared to the corresponding period of last year. This was mainly attributable to (i) the expansion of management scale and increase in number of service users of the Group as well as the provision of a wide range of community convenience services to property owners attributable to customer loyalty arising from our high-quality basic property management services; (ii) the service capacity of vertical businesses, including move-in and furnishing services, community retail, community media and housekeeping services, was enhanced as we could get more resources from the supply chain and our operation became more well-established; and (iii) our provision of livelihood supporting services to property owners in our residential communities across the country, including the provision of direct delivery of vegetables and fresh produce to residential communities and anti-pandemic and disinfection services during the pandemic.

In the field of vertical services, the Group continued to enhance its business model, expand the resources obtained from suppliers and consolidated its operational capabilities around its core businesses. By introducing national and regional high-quality brands and service providers and diversifying what we can obtain from suppliers, we have a more comprehensive and enhanced supplier system in place to meet the needs of customers of different types with different tastes. By reinforcing our operation of vertical business, we had stronger operation nationwide with extended business coverage and greater ability in business infiltration. By gradually establishing the "Heyuan Youpin" (和院優品) online shop and a multi-dimensional marketing channel which integrates online and offline experience, we built a route to customers with higher reachability. By strengthening follow-up services with property owners and paying attention to customers' feedback in a timely manner, we could exert greater control over after-sale services to promote a virtuous business cycle.

Move-in and furnishing services: realising approximately RMB405.1 million in revenue, accounting for approximately 23.2% of the total revenue from community value-added services

Being user-driven at its core and enabled by technology, our move-in and furnishing services reconstruct the chain of channels of pan-home products and services and aim at providing a full coverage housing solution from design, installation, delivery to repair and maintenance, with a focus on three major service scopes, namely decoration of furnished houses, house renovation and smart home services.

Community retail: realising approximately RMB385.4 million in revenue, accounting for approximately 22.0% 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. We have optimised our product supply chains and delivery capabilities through mutual access of online and offline resources in order to provide property owners with a cost-effective shopping experience.

Parking lot management services: realising approximately RMB239.7 million in revenue, accounting for approximately 13.7% 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 spaces and customer demands. Smart parking system and smart equipment have been actively utilised to reduce labour inputs and costs and enhance efficiency.

Community media: realising approximately RMB89.8 million in revenue, accounting for approximately 5.1% of the total revenue from community value-added services

Community media services strive to explore the value of community spaces and develop the value chain of operating multi-dimensional media. We have profoundly developed the resources of our projects under management and increased the coverage of our community media spots with a special focus on core areas such as elevators and carparks to actively integrate the resources of suppliers.

Community space management: realising approximately RMB124.9 million in revenue, accounting for approximately 7.1% of the total revenue from community value-added services

Our community space management provided services such as venue rental, courier service, charging service, sharing service and recycling service by optimizing the usage of public resources.

Community convenience and other services: realising approximately RMB503.4 million in revenue, accounting for approximately 28.9% 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 cleaning and moving.

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

As a "national force in the age of Comprehensive Property", Poly Property will adhere to its own strategic determination and its idea to expand its business, and will step up every effort to consolidate its ability in operational management. In addition, Poly Property will also expand its investment in digital and intelligent technologies, and build up a platform for Comprehensive Property-specific services and resources that could enjoy synergy and win-win cooperation, striving to develop into the first choice of government, enterprises and residents in residential communities when selecting a service provider.

First, concentrating on the goal of development and continuing to enhance its business expansion.

Under the guidance of the strategy of "Comprehensive Property", we will consolidate and expand our leading position in the market through a variety of ways that help achieve high-quality expansion of scale. We will continue to enhance our ability in expansion through comprehensive engagement cooperation approach, and consolidating its presence in core regions and core business types, while speeding up its market expansion and developing its layout for Comprehensive Property leveraging our all-round product offerings, reliable service quality and strong brand influence. We will also make good use of resources and advantages obtained in the capacity of a central enterprise and engage in forming joint ventures or cooperation so that we can explore the demand for integrated logistics services of sizeable state-owned enterprises and local state-owned enterprises, thereby seizing the opportunities from the development of logistics services in the society. Apart from that, we will highlight the strategic function of investments and acquisitions in our development in industries, adhere to our strategies and keep abreast of any opportunities of acquiring quality assets, while further strengthening the density of our projects in core regions and build a professional management platform by business types with our base set up in premium regions and premium business types.

We will explore various needs for service in different scenarios and create a full-value value-added service ecosystem. We will focus on the needs from daily life of property owners in communities and step up efforts in industries such as "move-in and furnishing, retailing, housekeeping and media" and build a multi-dimensional marketing channel which integrates online and offline experience. Apart from that, we will expand our scope of offerings to property owners in communities, increase our market penetration and loyalty of property owners in communities for our services, with the aim to satisfy the demand for good living with premium resources. We will tap into the potentials of further venturing into businesses such as public service as well as commercial and office buildings by taking account of value-added industry models for the above businesses.

Secondly, focusing on refined operations and organizational restructuring to enhance quality and increase efficiency in all dimensions.

We will continue to conduct studies on the most trivial service scenarios, and update our systems for standardised service on businesses such as residential buildings, commercial and office buildings and public services, while keep improving our system of operation to ensure that our operation quality is stable, widely applicable to various situations and keep being optimised. We will carry out organisational restructuring and optimisation in order to create a flatter, more efficient and professional organisation, and take actions to seize the opportunities coming along with the SASAC's Double Hundred Enterprises Pilot Project* (國資委雙百企業試點). In addition, we manage to improve our medium- and long-term incentive mechanisms and improve the appraisal and incentives in place for all levels of employees, such that we can keep propelling our momentum from within for further development.

Thirdly, speeding up our process of digitalization and investing more in information technology and intelligent development.

In the future, we will holistically accelerate digitalization in four major areas, namely internal control system, project management, smart community and value-added services, while facilitating refined operations, cost reduction and efficiency enhancement, quality improvement and model innovation with the use of technology. We will speed up the upgrade of our internal control system for building up technological support of refined operations. We will also continue to enhance our project management system specialised for the entire lifecycle of a project and take initiative to explore the application of Internet of Things and big data technologies in communities, office and scenarios of urban services so that the quality, readiness and accessibility of our services can be improved. In addition, we will expedite our construction of an offline and online integration platform for various daily life-related services to offer property owners and customers with more convenient and top-notch services.

FINANCIAL REVIEW

Revenue

The Group derives revenue 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				
	2020		2019		
	RMB'000	**Percentage of revenue %**	RMB'000	Percentage of revenue %	Growth rate %
Property management services	**4,947,555**	**61.6**	3,843,828	64.4	28.7
Value-added services to non-property owners	**1,341,251**	**16.7**	968,752	16.2	38.5
Community value-added services	**1,748,350**	**21.7**	1,154,256	19.4	51.5
Total	**8,037,156**	**100.0**	5,966,836	100.0	34.7

For the year ended 31 December 2020, the total revenue of the Group amounted to approximately RMB8,037.2 million (2019: approximately RMB5,966.8 million), representing an increase of approximately 34.7% as compared to the corresponding period of 2019. It was mainly due to: (i) an increase in revenue driven by the continuous increase in the management scale of the Group; and (ii) rapid 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 RMB6,538.1 million (2019: approximately RMB4,756.1 million), representing an increase of approximately 37.5% as compared to the corresponding period of 2019. 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 management of the Group; and (ii) the corresponding increase in raw material costs arising from faster growth in value-added services such as move-in and furnishing services and community retail services.

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					
	2020			2019		
	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	**700,496**	**46.7**	**14.2**	544,233	45.0	14.2
Value-added services to non-property owners	**269,394**	**18.0**	**20.1**	196,535	16.2	20.3
Community value-added services	**529,171**	**35.3**	**30.3**	469,953	38.8	40.7
Total	**1,499,061**	**100.0**	**18.7**	1,210,721	100.0	20.3

For the year ended 31 December 2020, the Group's gross profit was approximately RMB1,499.1 million, representing an increase of approximately 23.8% as compared to approximately RMB1,210.7 million of the corresponding period of 2019. The Group's gross profit margin decreased to approximately 18.7% from approximately 20.3% for the corresponding period in 2019.

For the year ended 31 December 2020, the Group's gross profit margin for property management services remained stable and recorded at approximately 14.2% (2019: approximately 14.2%).

The Group's gross profit margin for value-added services to non-property owners slightly reduced to approximately 20.1% (2019: approximately 20.3%).

The Group's gross profit margin for community value-added services was approximately 30.3% (2019: approximately 40.7%), representing a decrease of approximately 10.4 percentage points as compared to the corresponding period of 2019, which was primarily due to the fact that (i) expansion of some of the home-entry value-added services, community media and community space businesses were restricted due to the impact of the pandemic in the first half of the year; and (ii) businesses which were in their ramp-up period such as move-in and furnishing and community retail enjoyed rapid growth and boosted up their share in revenue.

Administrative expenses

For the year ended 31 December 2020, the total administrative expenses of the Group was approximately RMB769.7 million, representing an increase of approximately 35.4% as compared to approximately RMB568.6 million for the year ended 31 December 2019. Such increase was primarily due to (i) an increase in the remuneration and benefits attributable to additional employees and related expenses as a result of Group's fast business growth as compared to the corresponding period in 2019; and (ii) the increase in housing rental and other expenses as a result of the expansion of the scale of the Group. The administrative expenses of the Group accounted for approximately 9.6% (2019: approximately 9.5%) of the total revenue, which was stable as compared to the corresponding period of 2019.

Other income and other net gain

For the year ended 31 December 2020, other income and other net gain was approximately RMB210.5 million, representing an increase of approximately 510.1% as compared to approximately RMB34.5 million for the year ended 31 December 2019. Such increase was primarily due to (i) an increase in interest income and government grants; and (ii) the net exchange gain recognised in respect of changes in foreign exchange rates.

Profit for the year

For the year ended 31 December 2020, the profit for the year of the Group was approximately RMB696.1 million, representing an increase of approximately 38.3% as compared to approximately RMB503.2 million of the corresponding period of 2019. The profit attributable to owners of the Company was approximately RMB673.5 million, representing an increase of approximately 37.3% as compared to approximately RMB490.5 million of the corresponding period of 2019. The net profit margin was approximately 8.7%, representing an increase of approximately 0.3 percentage points as compared to approximately 8.4% of 2019.

Current assets, reserves and capital structure

For the year ended 31 December 2020, the Group maintained a sound financial position. As at 31 December 2020, the current assets amounted to approximately RMB8,898.7 million, representing an increase of approximately 21.8% as compared to approximately RMB7,303.3 million as at 31 December 2019. Cash and cash equivalents of the Group as at 31 December 2020 amounted to approximately RMB7,448.1 million, representing an increase of approximately 14.4% as compared to approximately RMB6,508.6 million as at 31 December 2019, primarily arising from the increase in proceeds from the over-allotment of H shares and the Group's continuously increasing net operating cash inflows. As of 31 December 2020, the Company's gearing ratio was 33.9%, representing an increase of approximately 1.6 percentage points from 32.3% as of 31 December 2019. Gearing ratio represents the ratio of total liabilities over total assets.

As at 31 December 2020, the Group's total equity was approximately RMB6,246.8 million, representing an increase of approximately RMB1,124.6 million or approximately 22.0% as compared to approximately RMB5,122.2 million as at 31 December 2019, which was primarily due to the increase in Company's equity as a result of the funds raised from the over-allotment and the contributions of the realised profits in the current year.

Property, plant and equipment

The Group's property, plant and equipment primarily included self-use right-of-use assets, buildings, leasehold improvements, computer equipments, electronic equipments, transportation equipments, furniture and equipments. As at 31 December 2020, the Group's property, plant and equipment amounted to approximately RMB161.8 million, representing an increase of approximately RMB62.8 million as compared to approximately RMB99.0 million as at 31 December 2019, which was primarily due to the purchase of electronic equipments 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 2020, the Group's leased assets and investment properties amounted to approximately RMB180.4 million, representing an increase of approximately RMB164.9 million as compared to approximately RMB15.5 million as at 31 December 2019, which was mainly attributable to the fact that the Group leases office premises and leases them out under operating lease arrangements, resulting in the net right-of-use assets being classified as 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 2020, the Group's intangible assets amounted to approximately RMB136.1 million, representing an increase of approximately RMB40.4 million as compared to approximately RMB95.7 million as at 31 December 2019, which was primarily due to (i) an increase in the amount of goodwill and property management contracts as the Group acquired 80% equity interest in Vastrong Property at a consideration of approximately RMB81.04 million in 2020; and (ii) offset by a decrease in intangible assets due to amortisation of property management contracts.

Trade and bills receivables

As at 31 December 2020, trade and bills receivables amounted to approximately RMB888.1 million, representing an increase of approximately RMB496.7 million as compared to approximately RMB391.4 million as at 31 December 2019, which was primarily due to (i) the increase in trade receivables from third parties as a result of the expansion of the GFA under management of the Group and the increase in the number of projects; and (ii) an increase in trade receivables from related parties as a result of the increase in the scale of revenue with related parties.

Trade payables

As at 31 December 2020, trade payables amounted to approximately RMB397.1 million, representing an increase of approximately 56.7% as compared to approximately RMB253.4 million as at 31 December 2019, which was primarily due to the expansion of the Group's GFA under management and the increasing scale in subcontracting to independent third-party service providers.

Borrowings

As at 31 December 2020, the Group had no borrowings or bank loans.

Pledge of assets

As at 31 December 2020, the Group had no pledge of assets.

MAJOR INVESTMENT, MAJOR ACQUISITION AND DISPOSAL

The Group had no major investment, acquisition and disposal for the year ended 31 December 2020.

PROCEEDS FROM THE LISTING

The H shares of the Company (the "**H Shares**") were successfully listed on the Hong Kong 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 2020, the Group has used approximately HK$76.2 million of the proceeds. Such proceeds utilised were allocated and used in accordance with the use of proceeds as set out in the prospectus of the Company dated 9 December 2019 (the "**Prospectus**"). The unutilised net proceeds are approximately HK$5,142.0 million, which will be allocated and used in accordance with the purposes and proportions as set out in the Prospectus. Details of the specific use are as follows:

Planned use of the net proceeds as stated in the Prospectus	Percentage of net proceeds	Net proceeds for planned use	Net proceeds actually utilised as of 31 December 2020	Net proceeds unutilised as of 31 December 2020	Expected timetable for the usage of the unutilised net proceeds as of 31 December 2020
		HK$ in millions	HK$ in millions	HK$ in millions	
To pursue selective strategic investment and acquisition opportunities and to further develop strategic alliances and expand the scale of the Group's property management business	57.0%	2,974.4	70.1	2,904.3	On or before 31 December 2022
Including: investment matters such as joint investment and cooperation in respect of public services property management	7.4%	386.1	70.1	316.0	On or before 31 December 2022
To further develop the Group's value-added services	15.0%	782.7	0	782.7	On or before 31 December 2022

Planned use of the net proceeds as stated in the Prospectus	Percentage of net proceeds	Net proceeds for planned use HK$ in millions	Net proceeds actually utilised as of 31 December 2020 HK$ in millions	Net proceeds unutilised as of 31 December 2020 HK$ in millions	Expected timetable for the usage of the unutilised net proceeds as of 31 December 2020
To upgrade the Group's systems for digitisation and smart management	18.0%	939.3	3.3	936.0	On or before 31 December 2022
Including: establishment of unified smart carpark system	2.8%	146.1	1.4	144.7	On or before 31 December 2022
establishment and development of internal information sharing platform and database	2.6%	135.7	1.9	133.8	On or before 31 December 2022
Working capital and general corporate purpose	10.0%	521.8	2.8	519.0	N/A
Total	100%	5,218.2	76.2	5,142.0	

CONTINGENT LIABILITIES

As at 31 December 2020, 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 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

After 31 December 2020 and up to 24 March 2021, the Group did not have any subsequent events.

DIRECTORS

Non-executive Directors

Mr. Huang Hai (黃海), aged 45, 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 23 years of experience in investment and financing, capital markets and corporate management and amongst which, over 17 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 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, whose shares are listed on the Shanghai Stock Exchange (stock code: 600048), 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 52, 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 directors, and the deputy general manager of Poly Developments and Holdings since 1989. He is currently a director and the general manager 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 52, 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 11 years of experience in property management.

Mr. Hu has joined Poly Developments and Holdings since July 1998, and is currently 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 the vice president of China Property Management Institute (中國物業管理協會).

Executive Director

Ms. Wu Lanyu (吳蘭玉), aged 41, 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 served 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 66, 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 56, 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). 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 45, 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 has been serving as an independent non-executive director of each of the following companies 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) since August 2017; (ii) Ever Sunshine Lifestyle Services Group Limited (永升生活服務集團有限公司) (stock code: 01995) since November 2018; and (iii) Xinyuan Property Management Service (Cayman) Ltd. (鑫苑物業服務集團有限公司) (stock code: 01895) since October 2019, 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.

SUPERVISORS

Ms. Liu Huiyan (劉慧妍), aged 49, 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 24 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. Since January 2011, Ms. Liu has been serving as the general manager of auditing management centre of Poly Developments and Holdings, responsible for internal auditing and internal control regulation.

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 48, was appointed as a Supervisor of our Company on 21 October 2016. Ms. Zhong joined our Group in July 2007.

Ms. Zhong has over 13 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 38, 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 47, 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 approximately January 2008.

Ms. Zhao has over approximately 19 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 48, 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 17 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 43, is a deputy general manager of our Company. Mr. Zou joined our Group in January 2017 as a deputy general manager since then.

Mr. Zou has approximately 16 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 43, 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 14 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 46, 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 6 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 36, 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 13 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 42, 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 12 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 a registered property management manager in September 2012.

JOINT COMPANY SECRETARIES

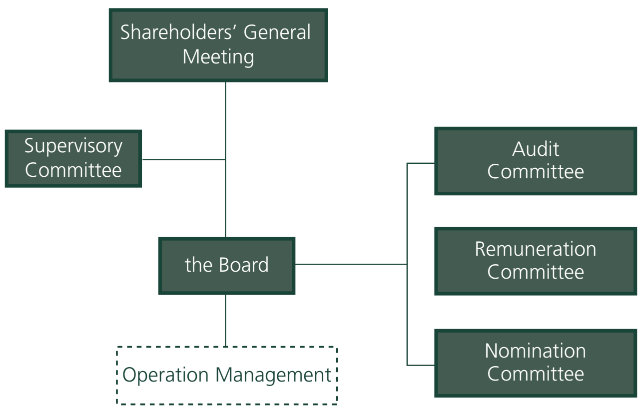
Mr. Yin Chao (尹超), aged 36, was appointed as the joint company secretary of the Company in February 2020. For details of the biography of Mr. Yin, please refer to "Senior Management" in this section.

Mr. Lau Kwok Yin (劉國賢), aged 35, was appointed as the joint company secretary of the Company in July 2019. Mr. Lau is a senior manager of SWCS Corporate Services Group (Hong Kong) Limited. He has over 11 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 Institute of Chartered Secretaries.

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 2020.

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 that they have complied with the relevant securities dealing code during the year ended 31 December 2020.

CORPORATE GOVERNANCE REPORT

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

As at 31 December 2020, the Board comprised seven Directors, including three non-executive Directors, one executive Director and three independent non-executive Directors. Details of the Board composition 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 2020, 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 2020, 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. 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 our non-executive Directors 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 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.

Board Diversity Policy

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 current Board composition 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	Less than one year	One to three years	Three to ten years	More than ten years
Number of Directors	1	4	1	1

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.

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 2020, the audit committee held three meetings and fulfilled the above duties together with matters including the (i) annual audit; (ii) interim financial report; (iii) engagement of the audit firm; (iv) connected transactions and internal control.

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 2020, the remuneration committee held one meeting and fulfilled the above duties together with matters including the remuneration of Directors, Supervisors and senior management.

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 2020, the nomination committee held three meetings 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; (ii) annual assessment of the independence of the independent non-executive Directors; (iii) appointment of Mr. Liu Ping as a non-executive Director; and (iv) re-election of committees of the Board.

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 code provision A.7.1 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	3/3	N/A	3/3	2/2
Mr. Liu Ping (appointed on 9 October 2020)	2/2	0/0	N/A	N/A	0/0
Mr. Hu Zaixin	7/7	3/3	1/1	N/A	2/2
Ms. Wu Lanyu	7/7	N/A	N/A	3/3	2/2
Mr. Wang Xiaojun	7/7	3/3	1/1	3/3	2/2
Ms. Tan Yan	7/7	3/3	1/1	3/3	2/2
Mr. Wang Peng	7/7	3/3	1/1	3/3	2/2
Mr. Li Jiahe (resigned on 27 August 2020)	4/4	N/A	1/1	N/A	1/1

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 2020, 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 existing Directors of the Company 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 (appointed on 9 October 2020)	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
Mr. Li Jiahe (resigned on 27 August 2020)	Yes	Yes

Emolument of Senior Management

For the year ended 31 December 2020, the emolument bands of the senior management of the Company (excluding the Directors) are as follows:

Emolument bands (RMB)	Number
1-1,500,000	3
1,500,001-2,000,000	4

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 legal 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 developed various policies relating to risk management and internal control 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 conducted risk assessment for the year, during which the Group prioritised key risks from the five major risk categories, namely, strategic risk, financial risk, market risk, operation risk and legal risk. 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. The operation management has adopted a systematic evaluation to review the changes of nature and extent of major risks, recognised material risks exposed, streamlined the current condition of risk control and the next response measures and key risk management programmes, and reported to the Board and the audit committee.

During 2020, 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 July to November 2020, the Company carried out a management review on 27 level-one platform companies whose design and operation of policies were reviewed. Through self-inspection and self-rectification by local branches and online review 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 2020 which covered the accounting year of 2020 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 2020 internal control self-evaluation work in December 2020 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 2020 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 2020 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 2020, the remuneration paid by the Company to the auditor in respect of annual audit and interim review services rendered in 2020 amounted to RMB2.6 million.

JOINT COMPANY SECRETARIES

From 1 January 2020 to 20 February 2020, Ms. Yang Yang has been acting as a joint company secretary of the Company. Due to the adjustment in work arrangements, Ms. Yang ceased to serve as the secretary of the Board and joint company secretary of the Company with effect from 21 February 2020. Mr. Yin Chao was approved by the Board on the same day to serve as the secretary of the Board and joint company secretary of the Company, while Ms. Yang has continued to serve as the chief financial officer of the Company.

Mr. Lau Kwok Yin of SWCS Corporate Services Group (Hong Kong) Limited, which is an external service provider, has been engaged by the Company as its joint company secretary. 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 2020.

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.

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 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.

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 2020, 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 23 June 2020. 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 2020.

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 2020 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 2020 and the consolidated statements of financial position as at 31 December 2020 of the Group are set out in the consolidated financial statements on pages 90 to 92 in this annual report.

RESULTS AND APPROPRIATIONS

Profits for the year attributable to owners of the Company for the year ended 31 December 2020 amounted to approximately RMB673.5 million (2019: RMB490.5 million). During the year ended 31 December 2020, dividend of RMB166,000,020 (tax inclusive) in respect of 2019 was declared by the Company to its shareholders (Poly Developments and Holdings and Xizang Yingyue Investment Management Co., Ltd. ("**Xizang Yingyue**")).

The Board proposed the distribution of an annual dividend of RMB0.43 per share (tax inclusive) for the year ended 31 December 2020 with a proposed dividend payout ratio of approximately 35.3%. 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 28 May 2021 (the "**2020 AGM**") and is expected to be paid on or before 23 July 2021. 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 2020 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税法》) 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税法實施條例》) 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税有關問題的通知》(國税函[2008]897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) 《(關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》(國税函[2011]348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税收政策的通知》(財税[2016]127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.

CLOSURE OF THE REGISTER OF MEMBERS

For the purpose of determining the Shareholders' eligibility to attend and vote at the 2020 AGM (and the adjourned meeting thereof), the register of members of the Company will be closed from Tuesday, 25 May 2021 to Friday, 28 May 2021, 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 2020 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 Monday, 24 May 2021. Shareholders whose names appear on the register of members of the Company on Friday, 28 May 2021 are entitled to attend and vote at the 2020 AGM.

For the purpose of determining the identity of the Shareholders entitled to the annual dividend in respect of the year ended 31 December 2020, the H Share register of members of the Company will be closed from Thursday, 3 June 2021 to Friday, 4 June 2021, 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 Wednesday, 2 June 2021. Shareholders whose names appear on the register of members of the Company on Friday, 4 June 2021 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 2020 and as at 31 December 2020 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 2020 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 2020, the Company's aggregate amount of reserve available for distribution to equity Shareholders was approximately RMB585.0 million.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group for the year ended 31 December 2020 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 2020 are set out in note 17 to the consolidated financial statements.

BORROWINGS

As at 31 December 2020, the Group had no borrowings or bank loans.

PLEDGE OF ASSETS

As at 31 December 2020, the Group had no pledge of assets.

CHARITABLE DONATIONS

For the year ended 31 December 2020, the Group made RMB11,800 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 2020 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

The over-allotment option was exercised in full on 10 January 2020, and the Company issued a total of 20,000,000 new H Shares of par value of RMB1.00 each at HK$35.10 per share on 17 January 2020, whereas the closing price per share on 10 January 2020 was HK$52.00. Those who were granted over-allotment Shares were investors of international placing. After the issue of the new H Shares, the Company had a total of 553,333,400 issued shares, comprising 400,000,000 domestic shares and 153,333,400 H Shares.

Save as disclosed above, during the year ended 31 December 2020, 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.

MEMBERS OF THE BOARD AND CHANGES DURING THE REPORTING PERIOD

The Directors of the Company for the year ended 31 December 2020 and up to the date of this report include:

Mr. Huang Hai (Chairman)
Mr. Liu Ping[note i]
Mr. Hu Zaixin
Ms. Wu Lanyu
Mr. Wang Xiaojun
Ms. Tan Yan
Mr. Wang Peng
Mr. Li Jiahe[note ii]

Notes:

(i) Mr. Liu Ping was appointed as our non-executive Director upon approval by the shareholders' general meeting of the Company held on 9 October 2020. Mr. Liu has entered into a service contract with the Company and will not receive any director's fee from the Company.

(ii) Mr. Li Jiahe resigned as an executive Director and a member of the remuneration committee of the Company on 27 August 2020 due to his retirement.

Independence Confirmation

The Company has received, from each of the independent non-executive Directors, 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 2020, 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 2020.

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 2020.

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 2020 and up to the date of this report are set out below:

Upon re-election of the committees of the Board as considered and approved at the third meeting of the second session of the Board of the Company on 9 October 2020, Mr. Huang Hai, a Director of the Company, has ceased to be a member of the audit committee and Mr. Hu Zaixin, a Director of the Company, has ceased to be a member of the remuneration committee, both with effect from 9 October 2020.

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 2020.

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 2020, 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	975,612(L)	0.008
	Poly Developments and Holdings	Beneficial owner	75,085(L)(1)	0.0006
Liu Ping	Poly Developments and Holdings	Beneficial owner	7,297,014(L)	0.06
	Poly Developments and Holdings	Beneficial owner	150,170(L)(1)	0.001
Hu Zaixin	Poly Developments and Holdings	Beneficial owner	682,784(L)	0.005
	Poly Developments and Holdings	Beneficial owner	187,713(L)(1)	0.001
Wu Lanyu	Poly Developments and Holdings	Beneficial owner	102,388(L)	0.0008
	Poly Union Chemical Holding Group Co., Ltd.(2)	Beneficial owner	1,900(L)	0.0003
Liu Huiyan	Poly Developments and Holdings	Beneficial owner	123,001(L)	0.001
	Poly Developments and Holdings	Beneficial owner	163,020(L)(1)	0.001
Li Jiahe(3)	Poly Developments and Holdings	Beneficial owner	136,519(L)(1)	0.001
Chen Shuping(4)	Poly Developments and Holdings	Beneficial owner	2,707(L)	0.00002

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 2020. 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 2020.

(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).

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

(4) Ms. Chen Shuping resigned as a Supervisor of the Company on 27 August 2020.

Save as disclosed above, as at 31 December 2020, 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 2020, 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	Citigroup Inc.	Interest in controlled corporation	1,635,208(L)	1.06	0.29
			1,563,942(S)	1.01	0.28
		Approved lending agent	15,752,922(L)	10.27	2.84
			15,752,922(P)	10.27	2.84
	GIC Private Limited	Investment manager	14,000,888(L)	9.13	2.53
	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 Yingyue[(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 2020, 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 2020 (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 2020 (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 2020 (date of the relevant event: 19 December 2019).

(4) (i) Poly Developments and Holdings is held as to 37.70% 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 Yingyue 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 Yingyue.

Save as disclosed above, as at 31 December 2020, 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.

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 2020, 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 2020.

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 2020, 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 2020.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2020, 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 2020.

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 Subject to the Reporting and Announcement Requirements But Exempt from the Independent Shareholders' Approval Requirements

Equipment Procurement and Construction Project Contract

On 16 October 2020, our Company entered into a master contract for the intelligent parking system equipment procurement and construction project (the "**Equipment Procurement and Construction Project Contract**") with Guangzhou Poly Digital and Technology Co., Ltd. (廣州保利數碼科技有限公司) ("**Poly Digital**"), pursuant to which, Poly Digital will provide equipment as well as installation and construction services for the intelligent parking system to the Group. The contract price is RMB80 million (tax inclusive). The final contract price shall be calculated based on the actual construction volume of the project and shall not be higher than the contract price mentioned above.

Poly Developments and Holdings is one of our controlling Shareholders and Poly Digital is a wholly-owned subsidiary of Poly Developments and Holdings, thus Poly Digital is a connected person of our Company under the Listing Rules. As the highest applicable percentage ratio of the amount of the Equipment Procurement and Construction Project Contract is more than 0.1% but less than 5%, the Company is exempt from the independent shareholders' approval requirement but shall be subject to the reporting and announcement requirements.

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

The following continuing connected transactions were recorded during the year ended 31 December 2020. For the year ended 31 December 2020 and up to the date of this annual report, the Company had entered into certain connected transaction agreements with the connected persons of the Company which constituted continuing connected transactions under the Listing Rules.

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

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 3 office buildings (collectively the "**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 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 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 year ended 31 December 2020 and the year ending 31 December 2021, respectively.

Our Directors estimate that the annual cap for shared rent to be incurred for the year ended 31 December 2020 and the year ending 31 December 2021 will not exceed RMB4 million and RMB20 million, respectively; while the annual cap for subleasing income to be generated for the year ended 31 December 2020 and the year ending 31 December 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 the year ended 31 December 2020, the shared rent paid by Poly Business Commercial Property to Poly Developments and Holdings pursuant to the 2020 Property Leasing Agreement amounted to RMB1.0 million, which did not exceed RMB4 million, the annual cap for 2020.

For the year ended 31 December 2020, the subleasing income received by Poly Business Commercial Property from Poly Developments and Holdings and its associate pursuant to the 2020 Property Leasing Agreement amounted to RMB6.0 million, which did not exceed RMB15.0 million, the annual cap for 2020.

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

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

On 29 November 2019, our Company entered into the connected transaction framework agreement (the "**Connected Transaction Framework Agreement**") with Poly Developments and Holdings with a term from the Listing Date to 31 December 2021. The Connected Transaction Framework Agreement includes the following continuing connected transactions:

1. *Property Leasing*

   Pursuant to the 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. According to the principles stipulated in the Connected Transaction Framework Agreement, the subsidiaries and associates of both parties will enter into separate lease agreements, which will set out specific terms and conditions. The rental payable by us under the Connected Transaction Framework Agreement will be determined after arm's length negotiations with reference to historical transaction amounts and the prevailing market rental of similar properties located in similar locations and no less favourable than that provided by independent third parties.

   Our Directors estimate that the annual caps for leasing fee to be generated for each of the three years ending 31 December 2021 will not exceed RMB18.7 million (among which approximately RMB3.8 million will be recognised as right-of-use assets from the renewal of certain leases, and approximately RMB14.9 million will be rental expenses), RMB46.8 million (among which approximately RMB28.9 million will be recognised as right-of-use assets from such leases, and approximately RMB17.9 million will be rental expenses) and RMB21.5 million (all of which are rental expenses), 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 Connected Transaction Framework Agreement are more than 0.1%, but less than 5%, the property leasing will be 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 the year ended 31 December 2020, the leasing fee for the properties leased by the Group from Poly Developments and Holdings and its associates amounted to RMB39.0 million (among which RMB27.8 million has been recognised as right-of-use assets from the renewal of certain leases, and RMB11.2 million has been recognised as rental expenses), which did not exceed RMB46.8 million (among which approximately RMB28.9 million shall be recognised as right-of-use assets from the renewal of certain leases, and approximately RMB17.9 million shall be rental expenses), the annual cap for 2020.

   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 on 24 March 2021 and determined the annual caps for the three years ending 31 December 2023.

Our Directors estimate that the annual caps for 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 of the 2021 to 2023 Property Leasing Framework Agreement, please refer to the announcement of the Company dated 24 March 2021.

2. *Hardware Procurement and Maintenance Services*

Pursuant to the 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.

Based on the expected demand of our Group for the hardware procurement and maintenance services, our Directors estimate that the annual caps of fees to be generated for the hardware procurement and maintenance services under the Connected Transaction Framework Agreement for each of the three years ending 31 December 2021 will not exceed RMB3.0 million, RMB5.0 million and RMB6.0 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. In accordance with the Listing Rules, as the highest applicable percentage ratios in respect of the annual caps for hardware procurement and maintenance services under the Listing Rules are more than 0.1%, but less than 5%, the hardware procurement and maintenance 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 2020, the fee for the hardware and hardware maintenance services procured by the Group from Poly Developments and Holdings and its associates amounted to RMB1.1 million, which did not exceed RMB5.0 million, the annual cap for 2020.

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 on 24 March 2021 and determined the annual caps for the three years ending 31 December 2023.

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 of the 2021 to 2023 Hardware Procurement and Maintenance Services Framework Agreement, please refer to the announcement of the Company dated 24 March 2021.

3. *Procurement of Technology Development and Supporting Services*

Pursuant to the 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 ending 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 2020, the fee for the Technology Development and Supporting Services procured by the Group from Poly Developments and Holdings and its associates amounted to RMB0.0 million, which did not exceed RMB6.5 million, the annual cap for 2020.

Due to business development needs, the Group entered into framework agreements with Poly Developments and Holdings and the relevant parties on 24 March 2021 to, among others, replace and renew the provisions with respect to certain transactions contemplated under the Connected Transaction Framework Agreement. 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 Connected Transaction Framework Agreement will be terminated.

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.

Pursuant to the 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.

Our Directors estimate that the annual caps for the property management fees to be generated for each of the three years ending 31 December 2021 will not exceed RMB156.2 million, RMB188.0 million and RMB224.9 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. Poly Southern is one of our controlling Shareholders, and Guangdong Poly Auction and Poly Changda Overseas are the subsidiaries of China Poly Group. Therefore, Poly Southern, Guangdong Poly Auction and Poly Changda Overseas are connected persons of the Company under the Listing Rules.

In accordance with the Listing Rules, as the highest applicable percentage ratios in respect of the aggregated annual caps for property management services under the Connected Transaction Framework Agreement and Other Property Management Services Framework Agreements pursuant to the Listing Rules are more than 5%, the transactions in respect of the property management services under the Connected Transaction Framework Agreement and Other Property Management Services Framework Agreements shall be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the year ended 31 December 2020, 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 RMB180.4 million, which did not exceed RMB188.0 million, the annual cap for 2020.

In view of the Group's business development, the Company entered into 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, on 24 March 2021 and determined the annual caps for the three years ending 31 December 2023.

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.

For details of the 2021 to 2023 Property Management Services Framework Agreements, please refer to the announcement of the Company dated 24 March 2021. The 2021-2023 Property Management Services Framework Agreements will supersede the relevant provisions with respect to property management services under the Connected Transaction Framework Agreement and Other Property Management Services Framework Agreements upon their becoming effective, and the relevant provisions under the Connected Transaction Framework Agreement and Other Property Management Services Framework Agreements will be automatically terminated. The 2021-2023 Property Management Services Framework Agreements and the annual caps for each of the three years ending 31 December 2023 as set out above shall only take effect upon approval by the independent Shareholders of the Company at a general meeting.

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

(i) *Provision of Pre-delivery Services*

Pursuant to the 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.

Our Directors estimate that the annual caps of the Pre-delivery Services fees to be generated under the Connected Transaction Framework Agreement for each of the three years ending 31 December 2021 will not exceed RMB688.5 million, RMB826.2 million and RMB991.5 million, respectively.

In accordance with the Listing Rules, as the highest applicable percentage ratios in respect of the annual caps for the Pre-delivery Services under the Connected Transaction Framework Agreement pursuant to the Listing Rules are more than 5%, the transactions in respect of 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.

For the year ended 31 December 2020, the service fees generated from the provision of Pre-delivery Services by the Group to Poly Developments and Holdings and its associates amounted to RMB826.0 million, which did not exceed RMB826.2 million, the annual cap for 2020.

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 and determined the annual caps for the three years ending 31 December 2023.

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.

For details of the 2021 to 2023 Pre-delivery Services Framework Agreement, please refer to the announcement of the Company dated 24 March 2021. The 2021-2023 Pre-delivery Services Framework Agreement will supersede the relevant provisions with respect to pre-delivery services under the Connected Transaction Framework Agreement upon it becoming effective, and the relevant provisions under the Connected Transaction Framework Agreement will be automatically terminated. The 2021-2023 Pre-delivery Services Framework Agreement and the annual caps for each of the three years ending 31 December 2023 as set out above shall only take effect upon official approval by the independent Shareholders of the Company at a general meeting.

(ii) Provision of Other Value-added Services

Pursuant to the 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.

Our Directors estimate that the annual caps of service fees to be generated in respect of the Other Value-added Services provided by our Group for each of the three years ending 31 December 2021 will not exceed RMB179.2 million, RMB215.0 million and RMB258.0 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. In accordance with the Listing Rules, as it is expected that the highest applicable percentage ratios in respect of the annual caps for the Other Value-added Services under the Connected Transaction Framework Agreement pursuant to the Listing Rules will be more than 5%, the transactions in respect of 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.

For the year ended 31 December 2020, 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 RMB399.5 million, which exceeded RMB215.0 million, the annual cap for 2020. It was due to a significant increase in the projects' demand for Other Value-added Services in 2020 as affected by the COVID-19 outbreak. In order to meet the needs of epidemic prevention and control, taking into account the actual requirements of our projects, the Group further strengthened its services with regard to construction maintenance and renovation works as well as delivery repossession services upon implementation of the anti-epidemic requirements. The pandemic became more severe in mainland China, especially in the north region, aggravated upon the arrival of winter. As a result, the fees generated from the provision of Other Value-added Services by the Group under the 2019 Framework Agreements increased significantly, and therefore the annual actual transaction amount exceeded the original annual cap for the year ended 31 December 2020. For details, please refer to the announcement of the Company dated 24 March 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 and determined the annual caps for the three years ending 31 December 2023.

Our Directors estimate that the annual caps for service fees to be generated under the 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.

For details of the 2021 to 2023 Other Value-added Services Framework Agreement, please refer to the announcement of the Company dated 24 March 2021. The 2021-2023 Other Value-added Services Framework Agreement will supersede the relevant provisions with respect to other value-added services under the Connected Transaction Framework Agreement upon it becoming effective, and the relevant provisions under the Connected Transaction Framework Agreement will be automatically terminated. The 2021-2023 Other Value-added Services Framework Agreement and the annual caps for each of three years ending 31 December 2023 as set out above shall only take effect upon approval by the independent Shareholders of the Company at a general meeting.

3. *Deposit Service Framework Agreement*

On 29 November 2019, 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 we can use the deposit services provided by Poly Finance. We have applied to the Hong Kong Stock Exchange for a waiver from strict compliance with the announcement and independent Shareholders' approval requirements set out in Chapter 14A of the Listing Rules which will expire up to the earlier of (i) one year after the Listing Date; or (ii) the date of our first annual general meeting after the Listing (the "**Deposit Waiver Term**").

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 deposit balance (including paid interests) we propose to deposit with Poly Finance for the year ended 31 December 2019 and the period from 1 January 2020 till the expiry of the Deposit Waiver Term will not exceed RMB2,030.0 million and RMB2,030.0 million, respectively.

On 7 April 2020, our Company and Poly Finance entered into the Deposit Service Framework Agreement, pursuant to which, Poly Finance will provide deposit services to the Group for a term commencing from the date of the 2019 annual general meeting (23 June 2020) to 31 December 2022. 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. For details, please refer to the announcement dated 7 April 2020 and the circular dated 22 May 2020 of the Company.

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 the year ended 31 December 2020, the maximum daily deposit balance (including paid interests) deposited by the Group with Poly Finance amounted to RMB1,264.5 million, which did not exceed RMB2,030.0 million, the annual cap for 2020.

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

Pursuant to Rule 14A.55 of the Listing Rules, all 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 qualified letter containing the findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 66 to 76 of this annual report in accordance with Rule 14A.56 of the Listing Rules. The qualified 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, save for the service fees generated from the provision of the Other Value-added Services to Poly Developments and Holdings and its associates under the Connected Transaction Framework Agreement which exceeded the annual cap for 2020, 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 2020 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 except for the service fees generated from the provision of the Other Value-added Services to Poly Developments and Holdings and its associates under the Connected Transaction Framework Agreement which exceeded the annual cap for 2020 .

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, the Group had 44,351 employees (as at 31 December 2019: 38,774 employees). For the year ended 31 December 2020, the total staff costs were approximately RMB3,526.7 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.

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, project junior 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 took actions to respond 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 by launching the recruitment live broadcast activities including CCTV Video APP's "National Recruitment Action" and GMW.cn's "2020 Guangming Live Broadcast for Enterprises' Campus Recruitment", to provide more jobs for the society.

EVENTS AFTER THE REPORTING DATE

The important events occurred since the year ended 31 December 2020 are disclosed in note 37 to the consolidated financial statements in this annual report.

MATERIAL LITIGATION

During the year ended 31 December 2020, 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 2020 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 2020, 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 2020.

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 2020, 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 2020 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, China, 24 March 2021

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 2020.

During 2020, 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 2020, 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 2020 and up to the date of this report include:

Ms. Liu Huiyan (Chairlady)
Ms. Zhong Yu
Ms. Mu Jing [note i]
Ms. Chen Shuping [note ii]

Notes:

(i) Ms. Mu Jing was appointed as an employee representative Supervisor of the Company upon being elected at the staff representative assembly of the Company on 27 August 2020.

(ii) Ms. Chen Shuping resigned as a Supervisor of the Company on 27 August 2020 due to her retirement.

REPORT OF THE SUPERVISORY COMMITTEE

MAJOR WORK OF THE SUPERVISORY COMMITTEE IN 2020

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

During the reporting period, the Company has convened two 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	2/2	100%
Zhong Yu	Shareholder Representative Supervisor	2/2	100%
Mu Jing (appointed on 27 August 2020)	Employee Representative Supervisor	0/0	N/A
Chen Shuping (resigned on 27 August 2020)	Employee Representative Supervisor	2/2	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 2020

During 2020, 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 2020, 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 2020 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 2020, 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 2021

In 2021, 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 2021.

TO THE SHAREHOLDERS OF POLY PROPERTY SERVICES CO., LTD
(FORMERLY KNOWN AS POLY PROPERTY DEVELOPMENT 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 (formerly known as Poly Property Development Co., Ltd) (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 90 to 186, which comprise the consolidated statements of financial position as at 31 December 2020, 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 2020 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 2020, 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 2020 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 2020, the gross amount of the Group's trade receivables totalled RMB920.4 million, against which a loss allowance of RMB36.7 million was made. The net carrying value of the Group's trade receivables represented approximately 9.4% of the total assets of the Group as at 31 December 2020.

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 2020 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, 24 March 2021

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	Year ended 31 December 2020 RMB'000	2019 RMB'000
Revenue	6	**8,037,156**	5,966,836
Cost of services		**(6,538,095)**	(4,756,115)
Gross profit		**1,499,061**	1,210,721
Other income and other net gain/(loss)	7	**210,477**	34,510
Selling and marketing expenses		**(15,187)**	(5,171)
Administrative expenses		**(769,722)**	(568,625)
Share of associates'/joint ventures' results		**17,745**	16,282
Finance cost		**(4,805)**	(898)
Other expense		**(2,377)**	(1,385)
Profit before income tax expense	8	**935,192**	685,434
Income tax expense	9	**(239,077)**	(182,252)
Profit for the year		**696,115**	503,182
Profits for the year attributable to:			
– Owners of the Company		**673,525**	490,511
– Non-controlling interests		**22,590**	12,671
Profit for the year		**696,115**	503,182
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		**(8,000)**	2,200
Profits and total comprehensive income for the year		**688,115**	505,382
Profits and total comprehensive income for the year attributable to:			
– Owners of the Company		**665,525**	492,711
– Non-controlling interests		**22,590**	12,671
Profits and total comprehensive income for the year		**688,115**	505,382
Earnings per share (expressed in RMB per share)			
Basic and diluted earnings per share	11	**1.22**	1.21

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Notes	As at 31 December 2020 RMB'000	2019 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in associates/joint ventures	13	**43,720**	27,254
Property, plant and equipment	14	**161,770**	98,989
Leased assets and investment properties	15	**180,403**	15,475
Financial assets at fair value through other comprehensive income ("**FVTOCI**")	16	**5,000**	13,000
Intangible assets	17	**136,137**	95,709
Prepayments for property, plant and equipment	20	**5,196**	10,698
Deferred tax assets	26	**13,303**	6,636
		545,529	267,761
Current assets			
Inventories	18	**50,636**	46,268
Trade and bills receivables	19	**888,057**	391,388
Prepayments, deposits and other receivables	20	**511,858**	357,032
Deposits and bank balances	21	**7,448,102**	6,508,618
		8,898,653	7,303,306
Current liabilities			
Trade payables	22	**397,096**	253,359
Accruals and other payables	23	**1,246,828**	1,180,167
Lease liabilities	25	**211,476**	2,643
Contract liabilities	6	**1,181,881**	936,732
Income tax payable		**92,478**	51,024
		3,129,759	2,423,925
Net current assets		**5,768,894**	4,879,381
Total assets less current liabilities		**6,314,423**	5,147,142

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

		As at 31 December	
	Notes	**2020** **RMB'000**	2019 RMB'000
Non-current liabilities			
Other financial liabilities	24	**22,716**	–
Lease liabilities	25	**26,645**	12,252
Deferred tax liabilities	26	**18,283**	12,642
		67,644	24,894
Net assets		**6,246,779**	5,122,248
EQUITY			
Capital and reserves attributable to owners of the Company			
Capital	27	**553,333**	533,333
Reserves		**5,617,573**	4,522,154
Equity attributable to owners of the Company		**6,170,906**	5,055,487
Non-controlling interests		**75,873**	66,761
Total equity		**6,246,779**	5,122,248

The consolidated financial statements on pages 90 to 186 were approved and authorised for issue by the board of directors and are signed on its behalf by:

Huang Hai	Wu Lanyu
Director	*Director*

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2020

		Reserves							
	Capital	Share premium*	Capital reserves*	Statutory reserves*	Fair value reserves*	Retained profits*	Equity attributable to owners of the Company	Non-Controlling interests	Total
	RMB'000	RMB'000 (Note a)	RMB'000	RMB'000 (Note b)	RMB'000 (Note c)	RMB'000	RMB'000	RMB'000	RMB'000
1 January 2019	100,000	–	85,594	45,456	9,300	409,508	649,858	43,271	693,129
Profit for the year	–	–	–	–	–	490,511	490,511	12,671	503,182
Unrealised fair value change on financial assets at FVTOCI	–	–	–	–	2,200	–	2,200	–	2,200
Issue of shares (Note d)	300,000	–	(80,000)	–	–	(220,000)	–	–	–
Shares issued pursuant to the public offering and placing (Note 27(c))	133,333	4,074,176	–	–	–	–	4,207,509	–	4,207,509
Transaction cost attributable to the public offering and placing (Note 27(c))	–	(134,591)	–	–	–	–	(134,591)	–	(134,591)
Capital contribution by non-controlling shareholders	–	–	–	–	–	–	–	7,768	7,768
Appropriation of statutory reserves	–	–	–	47,953	–	(47,953)	–	–	–
Acquisition of a subsidiary	–	–	–	–	–	–	–	3,051	3,051
Dividend approved in respect of the previous year	–	–	–	–	–	(160,000)	(160,000)	–	(160,000)
At 31 December 2019 and 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 (Note 27(d))	**20,000**	**602,098**	**–**	**–**	**–**	**–**	**622,098**	**–**	**622,098**
Transaction cost attributable to the over-allotment of shares (Note 27(d))	**–**	**(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	**553,333**	**4,535,479**	**5,594**	**148,795**	**3,500**	**924,205**	**6,170,906**	**75,873**	**6,246,779**

* 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 years and is dealt with in accordance with the accounting policy set out in Note 3.13.

(d) Pursuant to the Company's shareholder's resolution dated 7 May 2019, the Company has increased its share capital from RMB100,000,000 to RMB400,000,000 divided into 400,000,000 shares of RMB1 each, by way of the capitalisation of capital reserves and retained earnings of the Company of RMB80,000,000 and RMB220,000,000 respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
		Year ended 31 December	
Cash flows from operating activities			
Cash generated from operations	36	**757,632**	873,620
Income tax paid		**(203,995)**	(178,297)
Interest paid		**(4,805)**	(898)
Net cash generated from operating activities		**548,832**	694,425
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		**1,295**	(26,301)
Purchase of property, plant and equipment		**(54,398)**	(35,152)
Withdrawal of time deposits with original maturity over three months		**–**	18,000
Proceeds from disposal of property, plant and equipment		**1,248**	1,588
Proceeds from disposal of investment properties		**–**	5,659
Bank interest income received		**99,635**	7,414
Other interest income received		**19,315**	21,115
Deposits paid for acquisition of property, plant and equipment		**(7,290)**	(11,647)
Dividend income from an associate		**–**	15,850
Net cash generated from/(used in) investing activities		**59,805**	(3,474)
Cash flows from financing activities			
Dividends paid to owners of the Company		**(166,000)**	(160,000)
Dividends paid to non-controlling interests		**(36,478)**	–
Payment of lease liabilities		**(37,767)**	(4,103)
Proceed from shares issued pursuant to the public offering and placing or over-allotment		**622,098**	4,207,509
Transaction costs attributable to the public offering and placing or over-allotment of shares		**(88,654)**	(11,713)
Capital injection from non-controlling interests		**9,131**	7,768
Net cash generated from financing activities		**302,330**	4,039,461
Net increase in cash and cash equivalents		**910,967**	4,730,412
Cash and cash equivalents at beginning of the year		**6,508,618**	1,793,570
Effect of exchange rate changes on cash and cash equivalents		**28,517**	(15,364)
Cash and cash equivalents at end of the year		**7,448,102**	6,508,618

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 Rooms 201-208, No.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 24 March 2021.

2. ADOPTION OF NEW AND REVISED STANDARDS

2.1 Adoption of new and revised standards – effective on 1 January 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 for the current accounting period of the Group:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform
Amendments to HKFRS 3	Definition of a Business

Other than the amendments to HKFRS 3, none of these new or amended HKFRSs and HKASs that are effective from 1 January 2020 have any significant impact on the Group's accounting policies.

Amendments to HKFRS 3 – Definition of a business

The amendments clarify the definition of a business and introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is a business or not. The election to apply the concentration test is made for each transaction. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the concentration test is met, the set of activities and assets is determined not to be a business. If the concentration test is failed, the acquired set of activities and assets is further assessed based on the elements of a business.

The Group elected to apply the amendments prospectively to acquisitions for which the acquisition date is on or after 1 January 2020. As described in note 13 and 29, the Group acquired a set of activities and assets in January 2020 and December 2020 respectively and elected to apply the concentration test to that transaction but the transaction failed the concentration test. Based on the assessment of elements of a business, the Group concluded that the acquired set of activities and assets is a business.

2. ADOPTION OF NEW AND REVISED STANDARDS (Continued)

2.2 New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments, which are not yet effective for the current accounting period of the Group and have not been adopted early in these financial statements, will or may have an effect on the Group's future financial statements:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[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	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[3]
HKFRS 17	Insurance Contracts[4]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[4]
HK Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[6]

1 Effective for annual periods beginning on or after 1 January 2021.

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

3 Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

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

5 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.

6 Effective for annual periods beginning on or after 1 June 2020 with earlier application permitted.

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 different 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 ventures 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 years. 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 years, 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.

Deposits and other receivables and due from related parties are considered to have low credit risk, and thus the impairment provision recognised during the period was limited to 12 months expected losses.

For the other receivables from third parties, 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 not 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:

– 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.16 Leases (Continued)

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 RMB165,507,000, net of corresponding accumulated depreciation of RMB34,916,000, 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.

3.17 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 years. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 Income tax (Continued)

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.

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 ventures;
- 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).

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.24 Related parties (Continued)

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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(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 accounts 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.

(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 available data from 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 of cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(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 2020 and 2019, revenue from a Shareholder – Poly Developments and Holdings and its subsidiaries ("**Poly Developments and Holdings Group**") contributed 15.1%, and 14.7% 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 2020 and 2019.

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 2020 and 2019.

As at 31 December 2020 and 2019, 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 2020 and 2019 was as follows:

	Revenue from customers and recognised	Year ended 31 December **2020** **RMB'000**	 2019 RMB'000
Property management services	over time	**4,947,555**	3,843,828
Value-added services to non-property owners			
– Pre-delivery services and other value-added services to non-property owners	over time	**1,305,802**	968,752
– Rental income	over the lease term	**35,449**	–
Community value-added services			
– Other community value-added services	over time	**1,089,828**	910,253
– Sales of goods	at a point in time	**658,522**	244,003
		8,037,156	5,966,836

For property management services, the performance obligation is satisfied upon services provided and there is no credit term for property owners and property developers. 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 2020 and 2019, 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	
	2020	2019
	RMB'000	RMB'000
Contract liabilities	**1,181,881**	936,732

(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	
	2020	2019
	RMB'000	RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
Property management services	**745,852**	609,992
Community value-added services	**77,014**	47,702
Value-added services to non-property owners	**11,453**	11,995
	834,319	669,689

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

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Other income:		
Bank interest income	**98,413**	9,798
Other interest income (Note a)	**20,403**	15,782
Government grants and tax incentives (Note b)	**85,358**	31,812
Penalty income	**1,565**	1,286
Others	**822**	426
	206,561	59,104
Other net gain/(loss):		
Gain on disposal of investment properties	**–**	2,835
Loss on disposal of property, plant and equipment	**(59)**	(279)
Impairment loss on trade receivables	**(21,203)**	(8,744)
Impairment loss on other receivables	**(4,112)**	(3,582)
Exchange gain/(loss), net	**29,290**	(14,824)
	210,477	34,510

Notes:

(a) Other interest income during the years ended 31 December 2020 and 2019 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	
	2020	2019
	RMB'000	RMB'000
Auditor's remuneration	**2,600**	2,000
Depreciation of property, plant and equipment	**60,643**	33,029
Depreciation of leased assets and investment properties	**35,495**	647
Amortisation of intangible assets	**7,436**	6,778
Impairment loss on trade receivables	**21,203**	8,744
Impairment loss on other receivables	**4,112**	3,582
Short-term leases expenses	**51,607**	45,517
Finance cost – interest on lease liabilities	**4,805**	898
Listing expenses	**–**	6,070
Staff costs (including directors' emoluments – Note 12):		
Salaries and bonus	**3,233,559**	2,591,166
Pension costs, housing funds, medical insurances and other social insurances	**293,165**	381,747
	3,526,724	2,972,913

9. INCOME TAX EXPENSE

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Current tax		
Tax for the current year and prior years	**247,379**	186,558
Deferred tax (Note 26)		
Credited to profit or loss for the year	**(8,302)**	(4,306)
	239,077	182,252

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 2020 and 2019. The current tax during the year ended 31 December 2020 included the under provision of RMB4,418,000 (2019: Nil) 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	
	2020	2019
	RMB'000	RMB'000
Profit before income tax expense	**935,192**	685,434
Tax calculated at the rates applicable to profits in the tax jurisdictions concerned	**233,798**	171,359
Tax effect of share of result of associates/joint ventures	**(4,436)**	(4,071)
Tax effect of expenses not deductible for tax purposes (Note)	**24,495**	18,484
Tax effect of income not taxable for tax purposes	**(1,024)**	(796)
Utilisation of tax losses previously not recognised	**(5,089)**	(383)
Tax effect of unused tax losses not recognised	**–**	5,089
Tax effect of other temporary differences recognised	**(8,302)**	(4,306)
Tax effects of different tax rates applicable to different subsidiaries of the Group	**(4,783)**	(3,124)
Under-provision in prior year	**4,418**	–
Income tax expense	**239,077**	182,252

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 2020 and 2019.

10. DIVIDENDS

During the year ended 31 December 2019, dividend of RMB160,000,000 in respect of 2018 was declared and paid by the Company to its Shareholders (Poly Developments and Holdings and Xizang Yingyue Investment Management Co., Ltd.).

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

Subsequent to the end of the reporting period, the directors proposed an annual dividend of RMB0.43 per share (tax inclusive) in respect of 2020, total amounted to RMB237,933,362 (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 28 May 2021 has not been recognised as a liability at the end of the reporting period.

11. EARNINGS PER SHARE

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Profits		
Profit attributable to owners of the Company	**673,525**	490,511

	Year ended 31 December	
	2020	2019
	Number'000	Number'000
Number of shares		
Weighted average number of ordinary shares (Note)	**552,459**	404,749
Basic and diluted earnings per share (RMB)	**1.22**	1.21

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.

Weighted average of 404,749,000 ordinary shares for the year ended 31 December 2019, includes the weighted average of 133,333,400 ordinary shares issued immediately after the completion of global offering, in addition to the 400,000,000 ordinary shares for the year ended 31 December 2018.

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 2020 and 2019.

12. DIRECTORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Details of directors' emoluments are as follows:

	Fees RMB'000	Salaries and bonus RMB'000	Pension costs, housing funds, medical insurances and other social insurances RMB'000	Total RMB'000
Year ended 31 December 2019				
Directors				
Mr. Huang Hai	–	–	–	–
Mr. Hu Zaixin	–	–	–	–
Mr. Li Jiahe	–	2,382	102	2,484
Ms. Fu Jun	–	–	–	–
Mr. He Jun	–	–	–	–
Ms. Cao Bin	–	–	–	–
Ms. Wu Lanyu	–	2,171	101	2,272
Mr. Wang Xiaojun	100	–	–	100
Ms. Tan Yan	100	–	–	100
Mr. Wang Peng	–	–	–	–
	200	4,553	203	4,956

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

(a) Directors' emoluments (Continued)

	Fees RMB'000	Salaries and 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	–	2,153	40	2,193
Ms. Wu Lanyu	–	2,857	96	2,953
Mr. Wang Xiaojun	150	–	–	150
Ms. Tan Yan	150	–	–	150
Mr. Wang Peng	–	–	–	–
	300	5,010	136	5,446

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 year ended 31 December 2020 and 2019.

(ii) Ms Fu Jun, Mr. He Jun and Ms. Cao Bin resigned as directors of the Company on 7 May 2019.

(iii) Mr. Wang Xiaojun, Ms. Tan Yan and Mr. Wang Peng were appointed as independent non-executive director on 7 May 2019.

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

(v) Mr. Liu Ping was appointed as a non-executive director of the Company on 9 October 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 2020 (2019: nil). Except for those mentioned above, for the year ended 31 December 2020 and 2019, none of the Directors has waived or agreed to waive any emoluments.

12. DIRECTORS' 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 2020 and 2019 are analysed as follows:

	Year ended 31 December	
	2020 Number of individuals	2019 Number of individuals
Directors	**2**	2
Non-directors, the highest paid individuals	**3**	3
	5	5

Details of the emoluments of the above non-directors, the highest paid individual for the years ended 31 December 2020 and 2019 are as follows:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Salaries and bonus	**5,509**	4,359
Pension costs, housing funds, medical insurances and other social insurances	**283**	245
	5,792	4,604

Note: None of the above non-directors, 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 year ended 31 December 2020 and 2019.

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

(b) The five highest paid individuals (Continued)

The number of the highest paid non-directors fell within the following emoluments band:

	Year ended 31 December	
	2020 Number of individuals	2019 Number of individuals
Emolument bands (in HK dollar)		
HKD nil to HKD1,000,000	**–**	–
HKD1,000,001 to HKD1,500,000	**–**	–
HKD1,500,001 to HKD2,000,000	**–**	3
HKD2,000,001 to HKD2,500,000	**3**	–
	3	3

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 year ended 31 December 2020 and 2019.

13. INTERESTS IN ASSOCIATES/JOINT VENTURES

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Share of net assets	**43,720**	27,254

13. INTERESTS IN ASSOCIATES/JOINT VENTURES (Continued)

Details of the Group's associates and joint ventures are as follows.

Name	Place of incorporation, operation and principal activity	Relationship	Percentage of ownership interests/ voting rights/profit share As at 31 December 2020	2019
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	Inactive in the PRC	Associate	**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	Inactive in the PRC	Associate	**49%**	–
Poly (Ziyang) City Comprehensive Service Co., Ltd. ("**Poly Ziyang**") 保利(資陽)城市綜合服務有限公司	Property management service in the PRC	Joint venture	**–#**	60%#
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 ventures listed above are translated for identification purpose only

13. INTERESTS IN ASSOCIATES/JOINT VENTURES (Continued)

As of 31 December 2019, although the Group's ownership interest in Poly Ziyang is more than 50%, Poly Ziyang requires 80% votes to pass board resolutions and the Group only got 60% votes, so that the Group has no control over the financial and operating policies of Poly Ziyang but has joint control over it. The directors of the Company therefore treated the interest in Poly Ziyang as a joint venture.

During the year ended 31 December 2020, the joint venture partners of Poly Ziyang signed a supplemental agreement. According to the supplemental agreement, the Group has the discretion in all significant financial and operating decisions that are approved at the shareholders meetings. Since the Group obtained effective control of Poly Ziyang, Poly Ziyang became a subsidiary of the Group and the assets, liabilities and financial results of Poly Ziyang were consolidated in the financial statements of the Group since then.

The fair value of identifiable assets acquired and liabilities assumed at the date obtained control are as follows:

	Fair value RMB$'000
Property, plant and equipment	143
Trade and bills receivables	834
Prepayment, deposits and other receivables	129
Deferred tax asset (Note 26)	13
Deposits and bank balances	1,174
Trade payables	(35)
Accruals and other payables	(102)
Income tax payables	(24)
Net identifiable assets	2,132
Non-controlling interest	(853)
	1,279
Net cash inflow arising from:	
Deposits and bank balances	1,174

The Group has elected to measure the non-controlling interest in Poly Ziyang at acquisition-date at the non-controlling interest's proportionate share of Poly Ziyang's net identifiable assets.

Since the acquisition date 1 January 2020, Poly Ziyang has contributed RMB6,405,000 and RMB307,000 to the Group's revenue and profit for the year.

13. INTERESTS IN ASSOCIATES/JOINT VENTURES (Continued)

(a) Summarised financial information of material associate, adjusted for any difference in accounting policies:

(i) Xizang Poly Aijia

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Current assets	**549,006**	616,993
Non-current assets	**11,171**	13,729
Current liabilities	**(420,379)**	(550,062)
Non-current liabilities	**–**	–
Net assets	**139,798**	80,660
Group's share of the net assets of the associate	**41,939**	24,198
Dividends received from the associate	**–**	15,850

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Revenue	**1,132,382**	946,716
Post-tax profit	**59,138**	56,476
Total comprehensive income	**59,138**	56,476

(b) Summarised financial information (immaterial associate/joint ventures):

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Aggregate carrying amount of individually immaterial associate/joint ventures in the consolidated financial statements	**1,781**	3,056
Aggregate financial information of the Group's associate/joint ventures:		
– Net (liabilities)/assets	**(384)**	4,342
– Revenue	**6,283**	9,619
– Post-tax loss	**(2,594)**	(2,490)
Total comprehensive income	**(2,594)**	(2,490)

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 2019	20,440	1,306	35,051	1,421	91,841	13,814	22,717	186,590
Acquired through acquisition of a subsidiary (note 29)	–	–	–	–	99	31	18	148
Additions	1,269	–	14,989	93	18,144	2,007	6,171	42,673
Disposals	(2,004)	–	(985)	–	(5,155)	(82)	(1,243)	(9,469)
At 31 December 2019 and 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 13 & 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	65,081	1,306	71,510	7,131	122,964	25,788	34,957	328,737
ACCUMULATED DEPRECIATION								
At 1 January 2019	4,321	27	12,278	544	58,378	8,316	11,662	95,526
Depreciation	4,427	64	7,896	198	15,240	1,576	3,628	33,029
Disposals	(2,004)	–	(253)	–	(4,582)	(65)	(698)	(7,602)
At 31 December 2019 and 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	23,927	155	29,896	1,626	82,283	10,650	18,430	166,967
NET BOOK VALUE								
At 31 December 2020	41,154	1,151	41,614	5,505	40,681	15,138	16,527	161,770
At 31 December 2019	12,961	1,215	29,134	772	35,893	5,943	13,071	98,989

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 2020 and 2019, 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
COST			
At 1 January 2019	–	21,336	21,336
Disposals	–	(3,258)	(3,258)
At 31 December 2019 and 1 January 2020	–	18,078	18,078
Addition	200,423	–	200,423
At 31 December 2020	200,423	18,078	218,501
ACCUMULATED DEPRECIATION			
At 1 January 2019	–	2,390	2,390
Depreciation	–	647	647
Disposals	–	(434)	(434)
At 31 December 2019 and 1 January 2020	–	2,603	2,603
Depreciation	34,916	579	35,495
At 31 December 2020	34,916	3,182	38,098
NET BOOK VALUE			
At 31 December 2020	165,507	14,896	180,403
At 31 December 2019	–	15,475	15,475

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 rental period from 16 October 2020 to 31 December 2021.

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 2020 and 2019 are as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Leased assets in the PRC	**193,000**	–
Other investment properties in the PRC	**20,928**	20,881
	213,928	20,881

The fair value of the Group's leased assets as at 31 December 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 2020 and 2019 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 2020 and 2019, there were no transfers into or out of Level 3 or any other Level.

For the year ended 31 December 2020, cash outflow RMB18,802,000 (2019: Nil) represented the amount paid for leased properties under sub-leases.

For the year ended 31 December 2020, the direct operating expenses incurred for the leased assets and investment properties that generated rental income amounted to RMB32,591,000 (2019: Nil).

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 1-12 months.

Undiscounted rental receivable by the Group under non-cancellable operating lease arrangements at the reporting date are as follows:

	As at 31 December 2020 RMB'000
Within one year	**172,074**
	172,074

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Equity investments at fair value through other comprehensive income		
Unlisted equity investments, at fair value	**5,000**	13,000

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 2019	55,000	46,129	101,129
Acquired through acquisition of a subsidiary (Note 29a)	3,000	904	3,904
At 31 December 2019 and 1 January 2020	58,000	47,033	105,033
Acquired through acquisition of a subsidiary (Note 29b)	30,000	17,864	47,864
At 31 December 2020	88,000	64,897	152,897
ACCUMULATED AMORTISATION			
At 1 January 2019	2,546	–	2,546
Amortisation	6,778	–	6,778
At 31 December 2019 and 1 January 2020	9,324	–	9,324
Amortisation	7,436	–	7,436
At 31 December 2020	16,760	–	16,760
NET BOOK VALUE			
At 31 December 2020	71,240	64,897	136,137
At 31 December 2019	48,676	47,033	95,709

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.

As set out in note 29, 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 have been recognised during the year ended 31 December 2019.

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 2020	As at 31 December 2019
For Hunan Poly Tianchuang CGU		
– Long-term growth rate	**3.0%**	3.0%
– Pre-tax discount rate	**15.2%**	15.2%
For Poly Huichuang Chongqing CGU		
– Long-term growth rate	**3.0%**	3.0%
– Pre-tax discount rate	**15.9%**	16.3%
For Vastrong Property CGU		
– Long-term growth rate	**3.0%**	–
– Pre-tax discount rate	**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% increase or decrease in long-term growth rate and applying a 0.5% and 1% increase or decrease 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 2020 RMB'000	As at 31 December 2019 RMB'000
Long-term growth rate (decrease)/increase		
(5)%	**162,802**	59,615
(10)%	**159,448**	57,499
5%	**169,850**	64,064
10%	**173,556**	66,403
Pre-tax discount rate (decrease)/increase		
(0.5)%	**178,227**	69,338
(1)%	**191,254**	77,543
0.5%	**155,249**	54,859
1%	**145,065**	48,439

For Poly Huichuang Chongqing CGU:

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Long-term growth rate (decrease)/increase		
(5)%	**25,978**	2,437
(10)%	**25,489**	2,281
5%	**27,005**	2,763
10%	**27,545**	2,935
Pre-tax discount rate (decrease)/increase		
(0.5)%	**28,124**	3,101
(1)%	**29,905**	3,647
0.5%	**24,965**	2,130
1%	**23,558**	1,696

17. INTANGIBLE ASSETS (Continued)

For Vastrong Property CGU:

	As at 31 December 2020 RMB'000
Long-term growth rate (decrease)/increase	
(5)%	**14,214**
(10)%	**12,993**
5%	**16,781**
10%	**18,131**
Pre-tax discount rate (decrease)/increase	
(0.5)%	**20,475**
(1)%	**25,981**
0.5%	**10,917**
1%	**6,742**

As at 31 December 2020 and 2019, the recoverable amounts of the Hunan Poly Tianchuang CGU calculated based on VIU exceeded carrying value by approximately RMB166,267,000 and RMB61,346,000 respectively.

As at 31 December 2020 and 2019, the recoverable amounts of the Poly Huichuang Chongqing CGU calculated based on VIU exceeded carrying value by approximately RMB26,482,000 and RMB2,435,000 respectively.

As at 31 December 2020, the recoverable amount of the Vastrong Property CGU calculated based on VIU exceeded carrying value by approximately RMB15,476,000.

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 2020 and 2019.

In addition, no impairment is considered necessary for the property management contracts as at 31 December 2020 and 2019.

18. INVENTORIES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Carpark spaces	**39,650**	43,900
Raw materials	**200**	86
Consumables goods and other inventories	**10,786**	2,282
	50,636	46,268

19. TRADE AND BILLS RECEIVABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Related parties	**349,826**	133,976
Third parties	**570,583**	272,447
Total	**920,409**	406,423
Less: allowance for impairment of trade receivables	**(36,658)**	(15,455)
	883,751	390,968
Bills receivables	**4,306**	420
	888,057	391,388

As at 31 December 2020 and 2019, 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 2020 and 2019 is within 1 month. As at 31 December 2020 and 2019, bills receivables is due from Poly Developments and Holdings Group.

19. TRADE AND BILLS RECEIVABLES (Continued)

As at 31 December 2020 and 2019, the ageing analysis of the trade receivables based on invoice date was as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Within 1 year	**850,989**	383,526
1 to 2 years	**51,630**	20,962
Over 2 years	**17,790**	1,935
	920,409	406,423

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Non-current assets		
Prepayments for property, plant and equipment	**5,196**	10,698
Current assets		
Deposits and other receivables		
– Related parties	**42,501**	42,814
– Third parties	**381,952**	279,654
Total	**424,453**	322,468
Less: allowance for impairment of other receivables	**(15,188)**	(11,076)
	409,265	311,392
VAT receivables	**10,443**	4,175
Interest receivables (Note)	**1,715**	2,807
Prepayments	**90,435**	38,658
	511,858	357,032

Note: As at 31 December 2020 and 2019, included in the balance are the interest receivable from the deposit maintained with a fellow subsidiary, which amounts to RMB465,000 and RMB386,000 respectively. Please refer to note 7(a) for further details.

21. DEPOSITS AND BANK BALANCES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Cash on hand	**62**	79
Cash at banks and financial institution	**7,448,040**	6,508,539
Total deposits and bank balances	**7,448,102**	6,508,618

Notes:

a) At 31 December 2020, deposits and bank balances in the amount of RMB304,928,000 (2019: RMB4,220,845,000) and RMB7,143,174,000 (2019: RMB2,287,773,000) 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 2020 and 2019, the Group's deposits and bank balances include deposits in Poly Finance, a fellow subsidiary and a licenced financial institution, amounting RMB1,226,602,000 and RMB1,102,469,000 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	
	2020	2019
	RMB'000	RMB'000
Related parties (Note)	**2,128**	10,217
Third parties	**394,968**	243,142
	397,096	253,359

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	
	2020	2019
	RMB'000	RMB'000
Within 1 year	**368,356**	244,999
1 to 2 years	**24,408**	8,194
Over 2 years	**4,332**	166
	397,096	253,359

Note: The balance was unsecured, interest free and repayable on demand.

23. ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Accruals and other payables		
– Related parties	**99,830**	28,335
– Third parties	**1,045,846**	1,076,745
	1,145,676	1,105,080
Other tax payables	**73,844**	50,697
Dividend payables (Note)	**–**	13,580
Salaries payables	**27,308**	10,810
	1,246,828	1,180,167

Note: The dividend payable as of 31 December 2019 represents the dividend declared by Hunan Poly Tianchuang to its two then-shareholders prior to being acquired by the Group.

24. OTHER FINANCIAL LIABILITIES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Financial liability at fair value through profit or loss (Note)	**14,612**	–
Other non-current liabilities	**8,104**	–
	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(b).

25. LEASE LIABILITIES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Minimum lease payments due		
– Within 1 year	**220,261**	4,426
– Between 1 to 2 years	**13,092**	4,565
– Between 2 to 5 years	**10,323**	9,457
– Later than 5 years	**3,339**	4,319
	247,015	22,767
Less: future finance charges	**(8,894)**	(7,872)
Present value of lease liabilities	**238,121**	14,895
– Current	**211,476**	2,643
– Non-current	**26,645**	12,252

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 2020 was RMB42,572,000 (2019:RMB5,001,000).

26. DEFERRED TAX

Details of the deferred tax assets and liabilities recognised and movements during the years ended 31 December 2020 and 2019 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 2019	1,677	1,874	3,551
Credited to profit or loss for the year	2,187	898	3,085
At 31 December 2019 and 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	**9,148**	**4,155**	**13,303**

Deferred tax liabilities

	Amortisation on intangible assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2019	13,113	–	13,113
Acquired through acquisition of a subsidiary (Note 29)	750	–	750
(Credited to)/charge to profit or loss for the year	(1,695)	474	(1,221)
At 31 December 2019 and 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	**17,809**	**474**	**18,283**

27. CAPITAL

		Domestic shares		Listed H shares		Total	
	Notes	Number '000	Amount RMB'000	Number '000	Amount RMB'000	Number '000	Amount RMB'000
Registered, issued and fully paid:							
At 1 January 2019	(a)	100,000	100,000	–	–	100,000	100,000
Issue of domestic shares upon capitalisation	(b)	300,000	300,000	–	–	300,000	300,000
Issue of H shares upon global offering	(c)	–	–	133,333	133,333	133,333	133,333
At 31 December 2019 and 1 January 2020		400,000	400,000	133,333	133,333	533,333	533,333
Issue of H shares upon over-allotment	(d)	–	–	20,000	20,000	20,000	20,000
At 31 December 2020		400,000	400,000	153,333	153,333	553,333	553,333

Note:

(a) The Company was incorporated as a state-owned company under the laws of the PRC with limited liability on 26 June 1996 with a registered share capital of RMB3,000,000 divided into 3,000,000 domestic shares of par value RMB1.00 each. The registered capital of Company was then increased to RMB5,000,000, RMB50,000,000 and RMB100,000,000 on 21 May 2003, 19 May 2011 and 26 September 2016 respectively.

(b) Pursuant to the written resolutions passed on 7 May 2019, the registered share capital was increased from approximately RMB100,000,000 to RMB400,000,000 by way of the capitalisation of capital reserves and retained earnings of the Company of approximately RMB80,000,000 and RMB220,000,000 respectively.

(c) On 19 December 2019, 133,333,400 H shares of par value RMB1.00 each of the Company were issued at a price of HK$35.10 by way of a global offering. On the same date, the Company's H shares were listed on the Stock Exchange. Gross proceeds from the issue amounted to HK$4,680,002,000 (equivalent to RMB4,207,509,400). After deducting the capitalised underwriting fees and relevant expenses of RMB134,591,000, net proceeds from the issue amounted to RMB4,072,918,400, of which, RMB133,333,400 was recorded as capital and RMB3,939,585,000 was recorded as share premium.

(d) On 17 January 2020, 20,000,000 H shares of par value RMB1.00 each of the Company were issued pursuant to the exercise of the over-allotment option in full on 10 January 2020 at HK$35.10 per share. Gross proceeds from the issue amounted to HK$702,000,000 (equivalent to RMB622,098,360). After deducting the capitalised underwriting fees and relevant expenses of RMB6,204,000, net proceeds from the issue amounted to RMB615,894,360, of which, RMB20,000,000 was recorded as capital and RMB595,894,360 was recorded as share premium.

(e) 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	
	2020	2019
	RMB'000	RMB'000
Property, plant and equipment	**6,677**	4,936

29. ACQUISITION OF SUBSIDIARIES

(a) Poly Huichuang Chongqing

On 11 April 2019, the Group entered into a sales and purchase agreement with independent third parties for the acquisition of 51% of equity interests in Poly Huichuang Chongqing, a company whose principal activity is provision of property management and other community services. The total consideration for the acquisition was RMB4,080,000. The acquisition was made with the aims to expand the Group's existing scale of operation and enlarge the Group's market presence.

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	148
Inventories	82
Deposits, prepayments and other receivables	830
Intangible assets (Note 17)	3,000
Cash	7,037
Accruals and other payables	(1,250)
Deferred tax liabilities (Note 26)	(750)
Contract liabilities	(2,870)
	6,227
Non-controlling interest	(3,051)
Goodwill (Note 17)	904
Fair value of consideration	4,080

29. ACQUISITION OF SUBSIDIARIES (Continued)

(a) Poly Huichuang Chongqing (Continued)

	Total RMB'000
Satisfied by:	
Cash	1,530
Consideration payable included in other payables	2,550
	4,080

An analysis of net inflow of cash and cash equivalents in respect of acquisition of a subsidiary are as follow:

	2019 RMB'000
Net cash inflow arising on:	
Purchase consideration settled in cash	(1,530)
Deposits and bank balances acquired	7,037
	5,507

The Group has elected to measure the non-controlling interest in Poly Huichuang Chongqing at acquisition-date at the non-controlling interest's proportionate share of Poly Huichuang Chongqing's net identifiable assets.

Since the acquisition date, Poly Huichuang Chongqing has contributed RMB16,193,000 and RMB3,303,000 to the Group's revenue and profit for the year. If the acquisition had occurred on 1 January 2019, the Group's revenue and profit would have been RMB5,974,000,000 and RMB499,644,000 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 2019, nor is it intended to be a projection of future performance.

29. ACQUISITION OF SUBSIDIARIES (Continued)

(b) 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)

(b) 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 inflow of cash and cash equivalents in respect of acquisition of a subsidiary are as follow:

	2020 RMB'000
Net cash inflow arising on:	
Purchase consideration settled in cash	(53,542)
Deposits and bank balances acquired	53,663
	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. 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

	Notes	As at 31 December 2020 RMB'000	2019 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment in subsidiaries		**300,429**	166,100
Interest in associates/joint ventures		**43,720**	27,254
Property, plant and equipment		**93,336**	44,635
Leased assets and Investment properties		**14,896**	15,475
Financial assets at fair value through other comprehensive income ("**FVTOCI**")		**5,000**	13,000
Prepayments for property, plant and equipment		**2,423**	10,642
Deferred tax assets		**10,090**	4,903
		469,894	282,009
Current assets			
Inventories		**48,973**	45,405
Trade and bills receivables		**520,389**	236,430
Prepayments, deposits and other receivables		**461,651**	332,019
Deposits and bank balances		**6,846,341**	6,035,235
		7,877,354	6,649,089
Current liabilities			
Trade payables		**230,879**	153,944
Accruals and other payables*		**1,596,452**	1,457,249
Lease liabilities		**13,649**	886
Contract liabilities		**605,645**	454,399
Income tax payable		**53,223**	30,798
		2,499,848	2,097,276
Net current assets		**5,377,506**	4,551,813
Total assets less current liabilities		**5,847,400**	4,833,822
Non-current liabilities			
Other financial liabilities		**22,716**	–
Lease liabilities		**8,769**	510
Deferred tax liabilities		**474**	474
		31,959	984
Net assets		**5,815,441**	4,832,838
EQUITY			
Capital and reserves attributable to owners of the Company			
Capital	27	**553,333**	533,333
Reserves (Note)		**5,262,108**	4,299,505
Total equity		**5,815,441**	4,832,838

* Included in accruals and other payables are balances with its subsidiaries of RMB815,410,000 (2019: RMB678,105,000).

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 2019	–	83,962	45,456	9,300	–	197,816	336,534
Profit for the year	–	–	–	–	–	481,186	481,186
Unrealised fair value change on financial assets at FVTOCI	–	–	–	2,200	–	–	2,200
Issue of shares (Note 27(b))	–	(80,000)	–	–	–	(220,000)	(300,000)
Shares issued pursuant to the public offering and placing (Note 27(c))	4,074,176	–	–	–	–	–	4,074,176
Transaction cost attributable to the public offering and placing (Note 27(c))	(134,591)	–	–	–	–	–	(134,591)
Appropriation of statutory reserves	–	–	47,953	–	–	(47,953)	–
Dividend approved in respect of the previous year	–	–	–	–	–	(160,000)	(160,000)
At 31 December 2019 and 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 (Note 27(d))	602,098	–	–	–	–	–	602,098
Transaction cost attributable to the over-allotment of shares (Note 27(d))	(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	4,535,479	3,962	148,795	3,500	(14,612)	584,984	5,262,108

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	
	2020	2019
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%
Poly (Ziyang) City Comprehensive Services Co., Ltd ("**Poly Ziyang**"), 保利(資陽)城市綜合服務有限公司	**40%**	–
Chengdu Vastrong Property Development Co., Ltd., ("**Vastrong Property**"), 成都華昌物業發展有限責任公司	**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	
	2020	2019
	RMB'000	RMB'000
Current assets	**65,473**	91,617
Non-current assets	**680**	724
Current liabilities	**(47,678)**	(53,984)
Non-current liabilities	**–**	–
Net assets	**18,475**	38,357
Accumulated NCI	**9,238**	19,179

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Revenue	**135,925**	110,161
Post-tax profit or loss	**12,718**	11,093
Total comprehensive income	**12,718**	11,093
Profit allocated to NCI	**6,359**	5,547
Dividends paid to NCI	**32,600**	–

31. NON-CONTROLLING INTERESTS (Continued)

(ii) Hunan Poly Tianchuang

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Current assets	**82,143**	70,243
Non-current assets	**44,992**	50,246
Current liabilities	**(37,990)**	(35,001)
Non-current liabilities	**(10,057)**	(11,586)
Net assets	**79,088**	73,902
Accumulated NCI	**31,635**	29,561

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Revenue	**329,157**	264,406
Post-tax profit or loss	**20,107**	12,787
Total comprehensive income	**20,107**	12,787
Profit allocated to NCI	**8,043**	5,115
Dividends paid to NCI	**14,921**	–

31. NON-CONTROLLING INTERESTS (Continued)

(iii) Poly Zhongshe

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Current assets	**25,635**	16,581
Non-current assets	**2,687**	430
Current liabilities	**(5,339)**	(470)
Non-current liabilities	**(646)**	–
Net assets	**22,337**	16,541
Accumulated NCI	**8,935**	6,616

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Revenue	**33,112**	8,049
Post-tax profit or loss	**5,796**	1,541
Total comprehensive income	**5,796**	1,541
Profit allocated to NCI	**2,318**	616
Dividends paid to NCI	**–**	–

31. NON-CONTROLLING INTERESTS (Continued)

(iv) Poly Ziyang

	As at 31 December 2020 RMB'000
Current assets	2,899
Non-current assets	121
Current liabilities	(582)
Non-current liabilities	–
Net assets	2,438
Accumulated NCI	975

	Year ended 31 December 2020 RMB'000
Revenue	6,405
Post-tax profit or loss	307
Total comprehensive income	307
Profit allocated to NCI	123
Dividends paid to NCI	–

31. NON-CONTROLLING INTERESTS (Continued)

(v) Vastrong Property

	As at 31 December 2020 RMB'000
Current assets	100,148
Non-current assets	32,970
Current liabilities	(43,512)
Non-current liabilities	(10,080)
Net assets	79,526
Accumulated NCI	14,509

	Year ended 31 December 2020 RMB'000
Revenue	7,993
Post-tax profit or loss	2,303
Total comprehensive income	2,303
Profit allocated to NCI	461
Dividends paid to NCI	–

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 2019	Attributable equity interest of the Company At 31 December 2020	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))	Incorporated on June 23, 2014 in the PRC	100%	**100%**	RMB100,000	Fitness service, 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 2019	At 31 December 2020	Issued and fully paid share capital	Principal activities and place of operations
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
Poly (Shanghai) Urban Development Service Co., Ltd., ("**Poly (Shanghai)**"), 保利(上海)城市建設服務有限公司, previously named Shanghai Poly Han Property Co., Ltd, ("**Shanghai Poly Han**"), 上海保利翰物業有限公司(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

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 2019	Attributable equity interest of the Company At 31 December 2020	Issued and fully paid share capital	Principal activities and place of operations
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
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

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 2019	Attributable equity interest of the Company At 31 December 2020	Issued and fully paid share capital	Principal activities and place of operations
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, previously named Ji An Shi Poly Jin Property Management Co., Ltd, ("**Ji An Poly Jin**"), 吉安市保利金物業管理有限公司 (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 Zeng Cheng**"), 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, previously named Changsha City Tianchuang Property Management Limited Liability Company, ("**Changsha Tianchuang**"), 長沙市天創物業管理有限責任公司 (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**"), 保利和悅生活科技服務有限公司, previously named Guangzhou Poly Heyue Health Care Service Co., Ltd., 廣州保利和悦健康養老服務有限公司 (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

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 2019	Attributable equity interest of the Company At 31 December 2020	Issued and fully paid share capital	Principal activities and place of operations
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
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, previously named Chongqing Xinxiangrui Property Management Co., Ltd., ("**Chongqing Xinxiangrui**"), 重慶新祥瑞物業管理有限公司 (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

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 2019	Attributable equity interest of the Company At 31 December 2020	Issued and fully paid share capital	Principal activities and place of operations
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%**	RMB nil	Property Management, the PRC
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

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 2019	Attributable equity interest of the Company At 31 December 2020	Issued and fully paid share capital	Principal activities and place of operations
Tangshan XinChengtou Poly City Services Co., Ltd., ("**Poly Huichuang 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%**	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%**	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%**	RMB nil	Inactive
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%**	RMB3,000,000	Property Management, the PRC
Xinjiang Poly Huichuang City Services Co., Ltd., ("**Poly (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%**	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 2019	Attributable equity interest of the Company At 31 December 2020	Issued and fully paid share capital	Principal activities and place of operations
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%**	RMB5,000,000	Property Management, the PRC
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%**	RMB 2,000,000	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%**	RMB nil	Inactive
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%**	RMB nil	Inactive
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%**	RMB nil	Inactive

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.

33. MATERIAL RELATED PARTIES TRANSACTIONS

The Group entered into the following material related party transactions during the years ended 31 December 2020 and 2019:

(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	
	2020	2019
	RMB'000	RMB'000
Poly Developments and Holdings Group		
Provision of services		
– Property management services	**155,707**	138,046
– Value-added services to non-property owners	**980,399**	701,075
– Community value-added services	**73,314**	38,139
– Subleasing income	**3,654**	–
Shared rent	**984**	–
Interest income	**50**	38
Purchase of inventories	**1,860**	7,007
Lease contract arrangements		
– Right-of-use assets	**181,865**	5,643
– Lease liabilities	**206,793**	6,683
– Depreciation	**51,271**	4,280
– Interest expense	**3,488**	418
– Rental expense	**11,182**	14,321
Trademark fee	**–***	–*
Software development expenses	**–**	3,633
Hardware Procurement expenses	**1,136**	549

33. MATERIAL RELATED PARTIES TRANSACTIONS (Continued)

(b) Material related party transactions (Continued)

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Associates of Poly Developments and Holdings Group		
Provision of services		
– Property management services	**12,710**	3,816
– Value-added services to non-property owners	**130,070**	95,479
– Community value-added services	**9,518**	1,475
– Subleasing income	**928**	–
Lease contract arrangements		
– Right-of-use assets	**657**	–
– Lease liabilities	**662**	–
– Depreciation	**131**	–
– Interest expense	**14**	–
Joint ventures of Poly Developments and Holdings Group		
Provision of services		
– Property management services	**7,438**	4,253
– Value-added services to non-property owners	**41,528**	78,653
– Community value-added services	**22,567**	1,021
Lease contract arrangements		
– Right-of-use assets	**6**	1,313
– Lease liabilities	**–**	1,421
– Depreciation	**1,306**	295
– Interest expense	**8**	83
Poly Finance		
Interest income	**19,394**	14,788

* 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 2020 and 2019 amounted to approximately RMB6,246,779,000 and RMB5,122,248,000 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

(i) Trade receivables

As at 31 December 2020 and 2019, the Group apply the general approach to provide for expected credit losses prescribed by HKFRS 9, which permits to recognise 12-month expected credit losses for other receivables. Trade receivables apply the simplified approach to provide for expected losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision.

35. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

(i) Trade receivables (Continued)

As at 31 December 2020 and 2019, the loss allowance provision for the remaining balances was determined as follows. The expected credit losses below also incorporated forward looking information.

Trade receivables	Third parties			Related parties	
	Up to 1 year	1 to 2 year	Over 2 years		Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2019					
Expected loss rate	1.0%	70.8%	100%	3.1%	
Gross carrying amount	260,550	10,819	1,078	133,976	406,423
Loss allowance provision	2,570	7,661	1,078	4,146	15,455
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**

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 2020:

– Origination of new trade receivables net of those settled resulted in an increase in loss allowances of RMB19,077,000; and

– Increase in amounts past due over 1 year resulted in an increase in loss allowances of RMB2,126,000.

35. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

(ii) Deposits and other receivables

Deposits and other receivables	Third parties RMB'000	Related parties RMB'000	Total RMB'000
At 31 December 2019			
Expected loss rate	3.6%	2.2%	
Gross carrying amount	279,654	42,814	322,468
Loss allowance provision	10,134	942	11,076
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**

(iii) Trade and other receivables

As at 31 December 2020 and 2019, the loss allowance provision for trade and other receivables reconciles to the opening loss allowance for that provision as follows:

	Trade receivables RMB'000	Other receivables RMB'000	Total RMB'000
At 1 January 2019	6,711	7,494	14,205
Provision for loss allowance recognised in profit or loss	8,744	3,582	12,326
At 31 December 2019 and 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	**36,658**	**15,188**	**51,846**

As at 31 December 2020 and 2019, the gross carrying amount of trade and other receivables was RMB1,344,862,000 and RMB728,891,000, thus the maximum exposure to loss was RMB1,344,862,000 and RMB728,891,000 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 2019						
Trade payables	253,359	253,359	244,999	8,194	166	–
Accruals and other payables	1,129,471	1,129,471	873,893	206,305	49,273	–
Lease liabilities	14,895	22,767	4,426	4,565	9,457	4,319
	1,397,725	1,405,597	1,123,318	219,064	58,896	4,319
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**

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 2020, major non-RMB assets are cash and cash equivalents of RMB304,928,000 and non-RMB liabilities are accruals and other payables of RMB40,141,000 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	
	2020	2019
	RMB'000	RMB'000
Monetary assets and liabilities		
– HK dollar("**HK$**")		
Cash and cash equivalent and short term deposits	**304,928**	4,220,845
Accruals and other payables	**(40,141)**	(148,476)
	264,787	4,072,369

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	
	2020	2019
	RMB'000	RMB'000
5% increase in RMB against HK$	**(9,929)**	(152,714)
5% decrease in RMB against HK$	**9,929**	152,714

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 2019	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through other comprehensive income				
– Unlisted equity investments	–	–	13,000	13,000

31 December 2020	**Level 1 RMB'000**	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Financial assets at fair value through other comprehensive income				
– Unlisted equity investments	**–**	**–**	**5,000**	**5,000**
Financial liabilities at fair value through profits and loss				
– Liability arising from acquisition of Vastrong Property	**–**	**–**	**14,612**	**14,612**

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 2019 RMB'000	Valuation technique	Unobservable input	Range	Relationship of inputs to fair value
Financial assets at fair value through other comprehensive income					
– Unlisted equity investments	13,000	Market Comparable approaches	Discount for lack of marketability	40%	The higher the discount rate the lower the fair value

	Fair value at 31 December 2020 RMB'000	**Valuation technique**	**Unobservable input**	**Range**	**Relationship of inputs to fair value**
Financial assets at fair value through other comprehensive income					
– 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 fair value through profits and loss					
– 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**

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 2020 and 2019, 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 RMB50,000 and RMB130,000 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 2020, 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 RMB305,000 and RMB295,000 respectively.

The movement during the years ended 31 December 2020 and 2019 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 2019	10,800	–
Net unrealised gains recognised in other comprehensive income during the year	2,200	–
At 31 December 2019 and 1 January 2020	**13,000**	**–**
Net unrealised losses recognised in other comprehensive income during the year	**(8,000)**	**–**
Addition	**–**	**14,612**
At 31 December 2020	**5,000**	**14,612**

36. CASH FLOW INFORMATION

Cash generated from operations

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Profit before income tax expense	**935,192**	685,434
Adjustments for:		
Exchange (gain)/loss, net	**(29,290)**	14,824
Depreciation of property, plant and equipment	**60,643**	33,029
Depreciation of leased assets and investment properties	**35,495**	647
Amortisation of intangible assets	**7,436**	6,778
Impairment loss on trade receivables	**21,203**	8,744
Impairment loss on other receivables	**4,112**	3,582
Share of an associate's/joint venture's results	**(17,745)**	(16,282)
Bank interest income	**(98,413)**	(9,798)
Other interest income	**(20,403)**	(15,782)
Finance costs	**4,805**	898
Gain on disposal of investment properties	**–**	(2,835)
Loss on disposal of property, plant and equipment	**59**	279
Net cash generated from operating activities before changes in working capital	**903,094**	709,518
Changes in working capital:		
(Increase)/decrease in inventories	**(4,282)**	19,796
Increase in trade and bills receivables	**(506,362)**	(203,836)
Increase in prepayments, deposits and other receivables	**(126,879)**	(139,218)
Increase in trade payables	**139,234**	60,039
Increase in accruals and other payables	**111,018**	197,952
Increase in contract liabilities	**241,809**	229,369
Cash generated from operations	**757,632**	873,620

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 2019	887,885	17,729	905,614
Changes from cash flows:			
Transaction costs attributable to the public offering and placing	(11,713)	–	(11,713)
Payment of lease liabilities	–	(4,103)	(4,103)
Total changes from financing cash flows:	(11,713)	(4,103)	(15,816)
Other changes:			
Transaction costs attributable to the public offering and placing	134,591	–	134,591
Net change in accruals and other payables	169,404	–	169,404
Net change in lease liabilities	–	1,269	1,269
Total other changes	303,995	1,269	305,264
At 31 December 2019 and 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)**
Dividend 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	**1,246,828**	**238,121**	**1,484,949**

37. EVENTS AFTER THE REPORTING DATE

Subsequent to the end of the reporting period, the Board of directors proposed an annual dividend of RMB0.43 per share (tax inclusive) in respect of 2020, total amounted to RMB237,933,362 (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 28 May 2021 has not been recognised as a liability at the end of the reporting period.

FIVE YEAR FINANCIAL SUMMARY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December				
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2019 RMB'000	**2020** **RMB'000**
Revenue	2,564,187	3,240,334	4,229,378	5,966,836	**8,037,156**
Cost of services	(2,135,724)	(2,659,544)	(3,378,100)	(4,756,115)	**(6,538,095)**
Gross profit	428,463	580,790	851,278	1,210,721	**1,499,061**
Other income and other net gain	22,874	30,988	26,638	34,510	**210,477**
Selling and marketing expenses				(5,171)	**(15,187)**
Administrative expenses	(240,904)	(307,292)	(415,266)	(568,625)	**(769,722)**
Share of associates'/joint ventures' results	(235)	1,237	4,607	16,282	**17,745**
Finance cost	(339)	(399)	(823)	(898)	**(4,805)**
Other expense	(2,553)	(2,059)	(3,621)	(1,385)	**(2,377)**
Profit before income tax expense	207,306	303,265	462,813	685,434	**935,192**
Income tax expense	(58,131)	(78,583)	(126,746)	(182,252)	**(239,077)**
Profit for the year	149,175	224,682	336,067	503,182	**696,115**
Profits for the year attributable to:					
– Owners of the Company	145,536	219,431	328,444	490,511	**673,525**
– Non-controlling interests	3,639	5,251	7,623	12,671	**22,590**
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	(200)	3,750	5,508	2,200	**(8,000)**
Profits and total comprehensive income for the year	148,975	228,432	341,575	505,382	**688,115**
Profits and total comprehensive income attributable to:					
– Owners of the Company	145,336	223,181	333,952	492,711	**665,525**
– Non-controlling interests	3,639	5,251	7,623	12,671	**22,590**
Earnings per share (expressed in RMB per share)					
– Basic and diluted earnings per share	N/A	N/A	0.82	1.21	**1.22**

FIVE YEAR FINANCIAL SUMMARY

CONSOLIDATED STATEMENT OF ASSETS, EQUITY AND LIABILITIES

	As at 31 December				
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2019 RMB'000	**2020** **RMB'000**
Assets					
Non-current assets	102,559	115,208	255,070	267,761	**545,529**
Current assets	1,472,918	1,996,863	2,297,362	7,303,306	**8,898,653**
Total assets	1,575,477	2,112,071	2,552,432	7,571,067	**9,444,182**
Equity and liabilities					
Current liabilities	1,260,732	1,703,941	1,830,745	2,423,925	**3,129,759**
Non-current liabilities	3,850	7,823	28,558	24,894	**67,644**
Total liabilities	1,264,582	1,711,764	1,859,303	2,448,819	**3,197,403**
Total equity	310,895	400,307	693,129	5,122,248	**6,246,779**
Total equity and liabilities	1,575,477	2,112,071	2,552,432	7,571,067	**9,444,182**