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

2022
ANNUAL REPORT

KEEP IMPROVING

CORPORATE VISION

BECOMING THE PRIME PROVIDER OF THE COMPREHENSIVE PROPERTY ECOSYSTEM

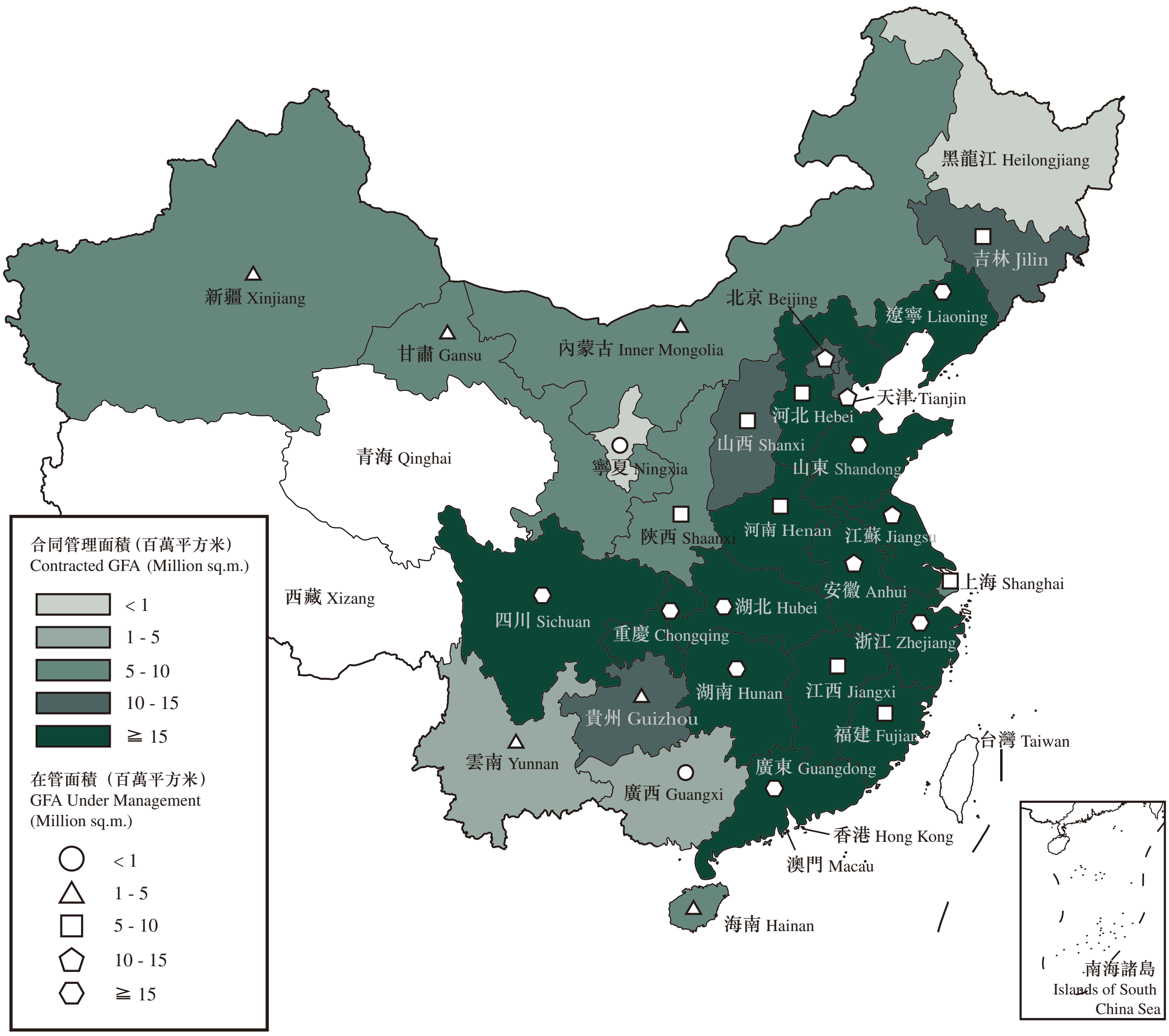
CORPORATE MISSION

TO SERVE THE PEOPLE BY MANAGING AND ACHIEVING

CONTENTS

COMPANY OVERVIEW

Poly Property Services Co., Ltd. (the "**Company**" or "**Poly Property**", and together with its subsidiaries, the "**Group**" or "**we**") is a leading comprehensive property management service provider in China with extensive property management scale and state-owned background. According to the ranking of 2022 Top100 Property Management Companies in China by the China Index Academy, the Group ranked third among the Top100 Property Management Companies in China and first in terms of management scale among the property management companies with state-owned background. With high-quality services and brand strength, we have enjoyed an industry-wide reputation. Our brand was valued at approximately RMB20.1 billion in 2022. 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. The Group continuously pushes forward the "Comprehensive Property" strategic layout, and its management business portfolio covers residential communities, commercial and office buildings and public and other properties. As at 31 December 2022, the Group's contracted gross floor area ("**GFA**") amounted to approximately 771.6 million sq.m., with 2,721 contracted projects across 210 cities in 29 provinces, municipalities and autonomous regions in China. The GFA under management amounted to approximately 576.1 million sq.m., with 2,089 projects under management.



CORPORATE INFORMATION

(As at 29 March 2023, date of this annual report (the "**date of this report**"))

BOARD OF DIRECTORS

Executive Director

Ms. Wu Lanyu (Chairman)

Non-executive Directors

Mr. Liu Ping
Mr. Hu Zaixin
Mr. Huang Hai

Independent Non-executive Directors

Mr. Wang Xiaojun
Ms. Tan Yan
Mr. Zhang Liqing

BOARD COMMITTEES

Audit Committee

Ms. Tan Yan (Chairman)
Mr. Hu Zaixin
Mr. Huang Hai
Mr. Wang Xiaojun
Mr. Zhang Liqing

Remuneration Committee

Mr. Wang Xiaojun (Chairman)
Ms. Tan Yan
Mr. Zhang Liqing

Nomination Committee

Ms. Wu Lanyu (Chairman)
Mr. Liu Ping
Mr. Wang Xiaojun
Ms. Tan Yan
Mr. Zhang Liqing

SUPERVISORY COMMITTEE

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

JOINT COMPANY SECRETARIES

Mr. Yin Chao
Mr. Lau Kwok Yin

AUTHORISED REPRESENTATIVES

Ms. Wu Lanyu
Mr. Lau Kwok Yin

AUDITOR

Baker Tilly Hong Kong Limited
Certified Public Accountants and Registered PIE Auditor
2nd Floor, 625 King's Road
North Point, Hong Kong

LEGAL ADVISORS

Han Kun Law Offices LLP
Rooms 3901-05, 39/F
Edinburgh Tower, The Landmark
15 Queen's Road Central
Hong Kong

PRINCIPAL BANKER

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

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

48-49/F, Poly Plaza
No. 832 Yue Jiang Zhong Road
Hai Zhu District, Guangzhou, Guangdong Province
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

H SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
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 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December	
	2022	2021
Revenue (RMB million)	**13,686.7**	10,782.5
Gross profit (RMB million)	**2,573.8**	2,014.6
Gross profit margin	**18.81%**	18.68%
Profit for the year (RMB million)	**1,133.3**	870.9
Net profit margin	**8.3%**	8.1%
Profit for the year attributable to owners of the Company (RMB million)	**1,112.9**	845.7
Basic earnings per share (RMB)	**2.014**	1.528
Return on shareholders' equity (weighted average)	**15.4%**	13.1%

* On 18 February 2022, the shareholders of the Company approved the adoption of a restricted share incentive scheme. During the year ended 31 December 2022, 1,070,600 shares were purchased by an independent trustee appointed by the Group from the secondary market.The weighted average number of ordinary shares for the year ended 31 December 2022 (the "**year**" or "**period**") and for the year ended 31 December 2021 was 552,690,000 and 553,333,400, respectively. Details are set out in note 11 to the consolidated financial statements in this annual report.

SUMMARY OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December	
	2022	2021
Total assets (RMB million)	**13,109.5**	11,137.9
Cash and cash equivalents (RMB million)	**8,956.3**	7,690.6
Total equity (RMB million)	**7,844.8**	6,888.8
Gearing ratio	**40.2%**	38.2%

MAJOR EVENTS IN 2022

July

24 July – Poly Property's "Galaxy Commander" program, a senior management trainee program was officially launched, a total of 56 commanders from our headquarter and platform company gathered at Guangzhou and started their leadership training journey.

March

23 March – Poly Property Management set foot in Haizhu Wetland Park, Guangzhou. Leveraging grid governance strategy, we devoted to taking resources management, ecological monitoring, cultural and tourist experience, and service management to the next level, setting a readily replicable and applicable precedent for other national wetland parks located at the hub of other megacities.

June

25 June – Poly Property made its debut to offer "prefab" services to supersede the conventional "bespoke" ones, boosting the establishment for the standard of "any time, any where and any sector" for the era of "Comprehensive Property".

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January

21 January – Poly Property officially launched the "Industrial White Paper 2021-2022", established the new "five forces" model, led through the fluctuation of the cycle of the property service sector and realized the core driver for long-term sustainable development.

December

25 December – Poly Property shared its latest thought of leadership on the development of the industry: "Redefining the value property services in a digital era" on the 2022 China (Guangzhou) Intelligent Property Management Industry Summit Forum, and underscored one of its major achievements in smart property and innovation in recent years – the "RADAR" smart service system.

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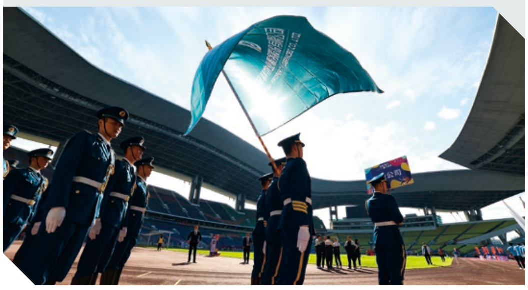
September

September – Guardians of the Nebula, one of Poly Property's guards of honour, visited 9 universities in Guangdong to provide preschool national defense education for over 6,000 freshmen. Separately, Poly Property Commercial and its Guangzhou branch held a recruitment seminar targeting veterans from the guard of honour of the Chinese People's Liberation Army to help them to re-enter the labour market.



September

24 September - Poly Property opened the first outlet of "Poly Property Custody (保利託房)", a new service brand name, at Poly Zichen Garden (保利紫晨花園) in Foshan. As the first brand in the industry that focus on property custody service, Poly Property Custody meets the core demand of property owners by providing service to cover every aspect, such as property custody service, property transaction, consultation service, asset operation, golden domestic service and home innovation.

August

11 August – "Elegant Life", a new service brand of Poly Property launched in response to overwhelming demand for smart living, characterized by a touch of hi-tech elements, vogue and gracefulness, made its debut.

AWARDS AND HONOURS

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NO.	Awards	Awarding Entity
1	2022 TOP100 Property Management Companies in China (Top 3)	China Index Academy
2	2022 TOP10 Listed Company of Property Management Service (No. 3)	CRIC Property Management and E-House Real Estate R&D Institute
3	2022 China TOP10 Property Management Companies in terms of Business Performance	China Index Academy
4	2022 China TOP10 Property Management Companies in terms of Business Size	China Index Academy
5	2022 China Leading Property Management Companies in terms of Service Quality	China Index Academy
6	TOP100 Property Service Companies in 2022	CRIC Property Management and E-House Real Estate R&D Institute
7	2022 Leading Property Management Companies in terms of Service Satisfaction	CRIC Property Management and E-House Real Estate R&D Institute

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NO.	Awards	Awarding Entity
8	2022 China High-end Property Service Leading Company	China Index Academy
9	2022 Leading Companies in Market Oriented Operation of China's Property Management	China Index Academy
10	2022 China Excellent Company in terms of Red Property Service	China Index Academy
11	2022 China Leading Property Management Companies in terms of Technology Empowerment	China Index Academy
12	2022 China Leading Property Management Companies in terms of Social Responsibility	China Index Academy
13	2022 China Leading Property Management Companies in terms of ESG Sustainability (TOP5)	CRIC Property Management and E-House Real Estate R&D Institute
14	2022 China Excellent Property Management Companies in terms of Service System-Three Centers and Three Lines Scenario Service System	CRIC Property Management and E-House Real Estate R&D Institute

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the board of directors (the "**Board**"), I am pleased to present the annual results of the Group for the year ended 31 December 2022. During the year, the Group recorded a revenue of approximately RMB13,686.7 million, representing an increase of approximately 26.9% as compared to the corresponding period of 2021; a gross profit of approximately RMB2,573.8 million, representing an increase of approximately 27.8% as compared to the corresponding period of 2021; a profit for the year of approximately RMB1,133.3 million, representing an increase of approximately 30.1% as compared to the corresponding period of 2021; and a profit for the year attributable to owners of the Company of approximately RMB1,112.9 million, representing an increase of approximately 31.6% as compared to the corresponding period of 2021.

A REVIEW OF 2022

Amid complexity and changes in the market, the industry became more volatile. There was an accelerated growth in the development and quickened differentiation represented by valuation and performance among listed property companies. At the same time, market challenges prompted the industry to return to the origin of development and focus on value creation, moving towards a healthier development model, with significantly increased consensus on industry development. In terms of growth mode, scale expansion has shifted to organic growth oriented, and expansion of non-residential business has gradually become the main force for market expansion. In terms of operation management, more attention has been put on winning the market with service quality and promoting the quality and efficiency of projects through lean management.

We believe that the industry is currently undergoing a period full of opportunities for rapid development. Along with the increasing pursuit of a better life by the people and the continuous advancement in refining grassroots governance, there will be an expanding market demand for high-quality property services. Given the industrial attributes of asset-light and strong cash flow in the property management industry have not changed, property companies with good brand and advantage in service offerings will usher in a multi-scenario and multi-level development space.

During the year, with the unremitting efforts of all our staff at Poly Property, the Group continued to maintain a good momentum of steady growth in its results and made solid progress towards the strategic goals of the Company's 14th Five-Year Plan.

1. Adhered to the intensive development strategy and achieved quality growth in scale

There has been intensified competition for market expansion in the industry. While maintaining the growth in scale expansion, we committed to continuously improving the quality of expansion and persistently forging core competitiveness. We focused on intensive market development and achieved quality growth in scale. Firstly, we deepened development in regional markets, and enhanced market density in core areas by leveraging the advantages of synergy between multiple businesses towards expansion and strengthening the expansion efforts in core cities. Among the new projects entered into with third parties during the year, the projects in the first-and second-tier cities accounted for 67.3% of the single-year contract value of all the new projects, representing an increase of approximately 10.6 percentage points year-on-year, and the business layout will be accelerated to concentrate in core cities. Secondly, we further developed the business model and leveraged on our experience in multi-business services to precisely grasp the exclusive demands of customers in sub-sector businesses and to build up differentiated service capabilities. Among the new projects entered into with third parties during the year, the non-residential business projects accounted for 88.3% of the single-year contract value of all the new projects, of which the three major quality business types, namely the urban scenic areas, the higher education and teaching and research properties, and the railways and transportation properties, accounted for 61.3% of the contract value of all the new non-residential business projects. Thirdly, we engaged in intensive development of high-quality resources, fully exploited the advantages of our highly praised brand reputation and quality service, increased efforts in quality customers exploration, and enhanced the concentration of core resources. Among the new projects entered into with third parties during the year, there were 35 projects with the single-year contract value amounted to over RMB ten million, accounted for approximately 50.0% of the single-year contract value of all the new projects. The continuous strengthening of our intensive development strategy will effectively enhance our market competitiveness and generate constant driving force for quality development.

2. **Focused on customer needs and facilitated core products development**

With the continuous expansion of service boundaries, the characteristics of customer diversification and differentiation of demands have become increasingly prominent. The Company had therefore raised the bar for the development of our product and service offerings. In order to precisely grasp the characteristics of customer needs, we have increased the development and iterative upgrade of core products, promoted the standardised construction and modular disassembly of services, realised the leap from "cast-in-place" services to "prefabricated" services, and provided customers with service solutions with combination of tailor-made and quality assurance, further highlighting the advantages of featured services. In the residential sector, we launched the mid-to high-end residential service brand "Elegant Life" to effectively meet the service needs of property owners for improvement projects and achieved the precise positioning of three major residential products, namely "Oriental Courtesy", "Elegant Life" and "Harmony Courtyard". In the non-residential sector, based on customer needs, we accelerated the iteration of products under sub-sector of business types, such as the higher education and teaching and research properties, the railways and transportation properties, and the medical properties, promoted the construction of vertical industrial capabilities of municipal sanitation, and deepened the layout of industrial capabilities. In the field of community value-added services, we continued to promote the implementation of core product communities, built up vertical industrial capabilities such as move-in and furnishing services and community retail, started to incubate the property industry, and established a full-chain service product system centred on housing assets to improve the convenience and well-being of residence.

3. **Deeply coordinated grassroots governance and grasped the development opportunities of urban services**

From pandemic prevention and control to emergency rescue, property companies have been accelerating their integration into the field of social grassroots governance, demonstrating the characteristics of the property industry as a livelihood-oriented service industry and the important functions in improving the living environment of communities and ensuring the operation of cities. As the first enterprise to put forward the "Comprehensive Property" strategy, Poly Property currently has certain leading advantages in terms of service scale, multi-format service experience and differentiated industry capabilities. We will increase the regional scale density and service density through the collaborative expansion of multiple business types and the superposition of multi-category services, so as to effectively promote resource integration, cost intensification and efficiency integration. At the same time, we continued to promote the upgrading of the comprehensive service model. During the year, we achieved a breakthrough and upgrading from the comprehensive service model for Jiashan to the comprehensive service model for Haizhu. The comprehensive service scope was expanded from urban area to core cities, and the service boundary was further extended. In the future, we will continue to promote the construction of an all-round service ecosystem, and help urban development and social governance improvement with more professional and efficient services.

4. **Continued management innovation and built a five-in-one refined operation system**

In the rapid development of cross-region and cross-industry, the refined operation and management capabilities of enterprises are the core competitiveness to support sustainable development. During the year, we built a five-in-one refined operation system to achieve systematic improvement of operation and management capabilities. Firstly, we implemented full-cycle cost control of projects, achieved accurate control by category and level by using the empirical cost database, extracted the best project cost model. Secondly, we implemented lean management of projects, established a diamond project model with scientific path, refined process and excellent indicators, and promoted the intensive operation mode of the project area to further improve per capita efficiency. Thirdly, we strictly standardised the construction, refined the granularity of the standard system, increased the online service process and tool empowerment, accumulated and promoted the experience on benchmark projects to ensure the stability of service quality. Fourth, we facilitated the in-depth development of smart construction, upgraded the application of smart community tools, and realised project interconnection and penetrative management. Fifthly, we promoted the reform and innovation of the incentive mechanism, established restricted stock incentive tools, improved the medium and long-term incentive system of the core team, and boosted the team's competitiveness.

CHAIRMAN'S STATEMENT

FUTURE OUTLOOK

As the impact of the pandemic fade away, economic development has returned to focus, the achievement of the government's policies on stabilising economy is becoming more prominent. Being a pillar industry of the national economy, given the combined effect of improving housing demand and stimulation from the government policies, the upstream real estate sector has shown a stable trend and further opened up space for the long-term stable and positive development of the property industry.

Accelerating the transformation to a high-quality development model. Under the direction of high-quality development of the national economy, the property industry, as a basic service-oriented industry, will also face the accelerated transformation of high-quality development, gradually fade out the extensive expansion of scale, focus more on the construction of core product capacity and service capacity, and continuously improve the comfort and well-being of residents' community life. We will refine the mode of scale growth, highlighting the strength of high market density and differentiated service in sub-sectors. We will upgrade the operation and management techniques to achieve breakthroughs in efficiency improvement and quality improvement through the optimisation of management structure, the improvement of technology empowerment and the improvement of service process. We will strengthen organisational and team building, upgrade organisational capabilities, ride on the cross-regional and multi-business industrial layout, keep up the high enthusiasm and diligent spirit of employees, and convey the value of service and the original intention of service to each customer.

The non-residential market will become an important engine for industry growth. Under the government's policy of promoting "delegation of power, streamlining administration and optimising government services" and refining grassroots governance, the demand for non-residential services such as commercial offices, public buildings and urban services will be released at an accelerated pace. The scale of market-oriented non-residential business will continue to enlarge, and there is still a huge room for concentration enhancement. From the perspective of building an integrated logistics service provider, property companies with outstanding customer service awareness and professional service capabilities, greater mouldability and extensibility, will promote the effective improvement of non-residential service capabilities and efficiency, and have good social benefits and economic prospects. At the same time, being the smallest unit in grassroots social governance, property will exert greater effect in establishing a grassroots social management system with the features of co-construction, co-governance and co-utilisation, and facilitated the functional positioning of "soft infrastructure".

Community value-added services evolve towards a more sophisticated model. After years of exploration and practice, property companies have established comparative advantages in areas such as precise understanding of customer needs, coordination of space and personnel, and construction of community service capabilities. The development of community value-added services is shifting from exploring the potential of multiple channels to the model of intensive industry development, focusing on the core segments such as home delivery services, move-in and furnishing services and asset services, and creating vertical industrial capabilities. By strengthening customer service experience, improving the traditional business model and optimising the product profitability model, we will promote community value-added services to refresh its industrial competitiveness. In the future, the upgrading of industrial capabilities, the improvement of customer awareness and satisfaction, and the improvement of community marketing channels will become the main direction for community value-added services to practice high-quality development.

Accelerating innovation in industry management. In the process of transforming the property industry into a modern service industry, the rapid iteration of business types has stimulated the in-depth reform of the organisational structure management and control system, and continuously adapted to the characteristics and new opportunities of industrial development. At the same time, the scientific and technological progress in artificial intelligence, Internet of Things, service-oriented robots and other fields will profoundly affect the upgrade of service process design and service efficiency of the industry, and drive the accelerated evolution of industry management and operation methods towards digitalisation and intelligence. The industrial management reform will also accelerate the introduction and integration of various high-quality talents, and promote the further improvement of labour and production efficiency.

In the future, Poly Property will continue to adhere to the long-term development positioning, deepen the high-quality development path, fully implement the mission and responsibility of a state-owned property company, align the same frequency and resonance with national strategies, and make constant efforts in "capturing market share, maintaining high quality, enhancing operation efficiency" and forge ahead to and proactively realise the corporate vision of being "the prime provider of the Comprehensive Property ecosystem".

POLY PROPERTY SERVICES CO., LTD.
Wu Lanyu
Chairman of the Board and Executive Director

Guangzhou, the PRC, 29 March 2023

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading comprehensive property management service provider in China with extensive property management scale and state-owned background. According to the ranking of 2022 Top 100 Property Management Companies in China by the China Index Academy, the Group ranked third among the Top 100 Property Management Companies in China and first in terms of management scale among the property management companies with state-owned background. The Group adheres to our corporate mission of "to serve the people by managing and achieving" (善治善成，服務民生), and is committed to providing customers with quality services that meet the needs of a better life. With high-quality services and brand strength, the Group has won a good reputation in the industry. Our brand was valued at approximately RMB20.1 billion in 2022. The Group has actively pushed forward the "Comprehensive Property" strategic layout, and its management business portfolio covers residential communities, commercial and office buildings and public and other properties. As at 31 December 2022, the Group's contracted GFA was approximately 771.6 million sq.m. with a total of 2,721 contracted projects, covering 210 cities across 29 provinces, municipalities and autonomous regions in China. The GFA under management was approximately 576.1 million sq.m. with a total of 2,089 projects under management.

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

Property management services – representing approximately 61.6% of the total revenue

For the year ended 31 December 2022, the Group's revenue from property management services amounted to approximately RMB8,428.4 million, representing an increase of approximately 26.4% as compared to the corresponding period of 2021, which is mainly due to the expansion of GFA under management and the increase in the number of projects under management of the Group.

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

	As at 31 December					
	2022			2021		
Source of projects	Contracted GFA '000 sq.m.	Percentage of contracted GFA %	Number of contracted projects	Contracted GFA '000 sq.m.	Percentage of contracted GFA %	Number of contracted projects
Poly Developments and Holdings Group (Note 1)	**313,287**	**40.6**	**1,401**	278,993	42.5	1,227
Third parties (Note 2)	**458,351**	**59.4**	**1,320**	377,266	57.5	1,201
Total	**771,638**	**100.0**	**2,721**	656,259	100.0	2,428

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

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

The Group continued to benefit from the steady development of Poly Developments and Holdings Group, its controlling shareholder, and has achieved high-quality and stable business growth. In 2022, Poly Developments and Holdings Group ranked second in the industry in terms of contracted sales amount, and was awarded the title of "Leading Brand in China's Real Estate Industry" (中國房地產行業領導公司品牌) for 13 consecutive years. As at 31 December 2022, the contracted GFA from Poly Developments and Holdings Group reached approximately 313.3 million sq.m., representing an increase of approximately 34.3 million sq.m. as compared to the contracted GFA as at 31 December 2021.

The Group firmly adhered to the principle of high-quality expansion, exerted every effort to the intensive cultivation in core cities and core business portfolio and of high-quality resources. We also kept putting more effort on market expansion and promoted the continuous optimisation of business structure. We always took customer's needs as the core and kept improving customer satisfaction and service efficiency to continuously and comprehensively enhance our overall market competitiveness, in order to achieve high-quality large scale development. During the year, the Group's single-year contract value of newly awarded projects from third parties amounted to approximately RMB2.77 billion and the single-year contract value of projects newly signed by third parties amounted to approximately RMB1.72 billion (excluding renewed projects). As at 31 December 2022, the contracted GFA of projects from third parties reached approximately 458.4 million sq.m., representing an increase of approximately 81.1 million sq.m. as compared to that as at 31 December 2021, and accounted for approximately 59.4% of the total contracted GFA, representing a year-on-year increase of 1.9 percentage points.

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

Year ended 31 December or as at 31 December

	2022					2021				
Source of projects	**Revenue**		**GFA under management**		**Number of projects under management**	Revenue		GFA under management		Number of projects under management
	RMB'000	**%**	**'000 sq.m.**	**%**		RMB'000	%	'000 sq.m.	%	
Poly Developments and Holdings Group (Note)	**5,162,560**	**61.3**	**222,999**	**38.7**	**1,061**	4,376,229	65.6	185,966	40.0	904
Third parties (Note)	**3,265,828**	**38.7**	**353,081**	**61.3**	**1,028**	2,294,168	34.4	279,347	60.0	882
Total	**8,428,388**	**100.0**	**576,080**	**100.0**	**2,089**	6,670,397	100.0	465,313	100.0	1,786

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

There has been an increasing contribution from the market-oriented projects to revenue. For the year ended 31 December 2022, revenue from property management services to third parties amounted to approximately RMB3,265.8 million, representing a significant increase of approximately 42.4% as compared to the corresponding period of 2021 and accounting for approximately 38.7% of the total revenue from property management services, representing a year-on-year increase of approximately 4.3 percentage points.

MANAGEMENT DISCUSSION AND ANALYSIS

While maintaining a healthy growth in the scale of residential management, the Group strived to deepen the development of non-residential business and to firmly implement our Comprehensive Property strategy. Leveraging on its leading product capability, service experience and brand influence, the Group accelerated its market expansion in the commercial and office buildings, public and other properties sectors. Among the new projects entered into with third parties during the year, the single-year contract value of non-residential business projects accounted for 88.3% of the single-year contract value of all the new projects. As at 31 December 2022, the GFA under management of non-residential businesses increased to approximately 323.1 million sq.m., accounting for approximately 56.1% of the total GFA under management. During the year, we recorded revenue of property management from non-residential business of approximately RMB3,341.8 million, representing an increase of approximately 37.2% as compared to the corresponding period of 2021. The proportion of such revenue to the overall revenue of property management services increased by approximately 3.2 percentage points year-on-year to approximately 39.7%.

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

	Year ended 31 December or as at 31 December									
	2022					2021				
Source of projects	**Revenue**		**GFA under management**		**Number of projects under management**	Revenue		GFA under management		Number of projects under management
	RMB'000	**%**	**'000 sq.m.**	**%**		RMB'000	%	'000 sq.m.	%	
Residential communities	**5,086,555**	**60.3**	**252,957**	**43.9**	**1,198**	4,235,111	63.5	209,362	45.0	1,020
Non-residential properties	**3,341,833**	**39.7**	**323,123**	**56.1**	**891**	2,435,286	36.5	255,951	55.0	766
– Commercial and office buildings	**1,280,321**	**15.2**	**20,460**	**3.6**	**293**	973,369	14.6	15,878	3.4	225
– Public and other properties	**2,061,512**	**24.5**	**302,663**	**52.5**	**598**	1,461,917	21.9	240,073	51.6	541
Total	**8,428,388**	**100.0**	**576,080**	**100.0**	**2,089**	6,670,397	100.0	465,313	100.0	1,786

For residential communities, the Group has established three major property service brands, namely "Oriental Courtesy", "Elegant Life" and "Harmony Courtyard", to effectively meet the residential needs of different customer groups and offer premium living experience by improving our product and service offerings in three major themes, namely health, safety and intelligence. As at 31 December 2022, the GFA under management of the Group in the residential communities was approximately 253.0 million sq.m.. For the year ended 31 December 2022, revenue from property management services for residential communities amounted to approximately RMB5,086.6 million, representing an increase of approximately 20.1% as compared to the corresponding period of 2021.

Harmony Courtyard

"Harmony Courtyard" focuses on the value proposition of "a warmer home", creates four dimensions of family love services bolstered by "genuineness, kindness, beauty and harmony", builds ideal communities characterised by "collaboration, participation and common interests", creates a harmonious culture featuring family relationships, and creates an excellent community atmosphere for property owners.

Elegant Life

"Elegant Life" caters to the service needs of the new middle class of "efficiency first", "quality consumption", and "appearance economy", providing property owners with more intelligent equipment and more high-quality service content, creating an elegant and dignified living atmosphere.

Oriental Courtesy

The high-end residential service brand of "Oriental Ritual" adheres to the brand concept of "Considerate and Courteous" (通情 • 達禮), creates "three-rings and six-weights safety guarantee", "two-butler service" and "four-festival and eight-ceremony community cultural system", endows the community culture with rich spiritual connotations and resource endowments, and apply the respectful conception to every moment of life.

For commercial and office buildings, the Group has established the property service brand of "Nebula Ecology" to provide a trinity service system including property management, asset management and corporate services around the service concept of "scenario operation", all for the aim of developing a leading brand for commercial and office services with state-owned background. The Group focused on first-tier and second-tier core cities and put more resources to expand key customer base within sub-sectors, such as banking and communication system, in order to build up advantages with exclusive offerings. During the year, the single-year contract value of commercial and office buildings projects newly signed by the Group amounted to approximately RMB418.6 million, those new iconic projects include the Suzhou Branch of China Development Bank, Global Mobile Building in Jiangmen, Zhongshe Building in Beijing, International Modern MOMA Office in Gaoying, Shijiazhuang, Wangfujing Mall in Changsha. As at 31 December 2022, the GFA under management of the Group in the commercial and office buildings was approximately 20.5 million sq.m.. For the year ended 31 December 2022, revenue from property management services for commercial and office buildings amounted to approximately RMB1,280.3 million, representing an increase of approximately 31.5% as compared to the corresponding period of 2021.

Nebula Ecology

The "Nebula Ecology" commercial service brand is positioned as a brand of service provider with state-owned background, establishing a "three-in-one" service model, and providing one-stop services from the four dimensions of space, atmosphere, service, and link based on the concept of "scenario operation", providing flexible guarantees for enterprises.

For public and other properties, the Group has established the property service brand of "Towns Revitalisation". Based on the development of differentiated services and products according to the customers' demands of business segmentation and targeting the demands from local governments in relation to comprehensive governance, environment improvement and people's livelihood service, the Group has introduced the 5G product system with "gridded governance, integrated municipal services, reconstruction and operation of old communities, smart towns and business empowerment" at the core and facilitated the precisive construction of social governance with refined services. For business types such as higher education and teaching and research properties, railways and transportation properties as well as hospital property, the Group has introduced the 3C product system of "general basic services for public services, professional services for sub-sector businesses and customised services for customers", so as to meet the customised service demands of customers in a flexible manner while improving the professionalism of services in sub-sector businesses.

The Group continued to enhance its comprehensive service and product portfolio based on the town-wide holistic service model in Jiashan County, successfully implemented a new holistic service model in Haizhu District, Guangzhou, integrating various urban services, covering landmark projects such as the Guangzhou Tower Scenic Area and the Guangzhou Haizhu Wetland Scenic Area, a national wetland, and has created a new business segment for holistic service in first-tier cities, realised expansion in our holistic service from town to urban. During the year, the Group finalised strategies in environmental sanitation industry, created powerful support to holistic service and product offerings, and successfully expanded various environmental sanitation projects, such as the Minzhi South City Manager for Minzhi Sub-district Office, Longhua District, Shenzhen, the urban-rural integrated market-oriented project of environmental sanitation service for Jiangdu District, Yangzhou City, the environmental sanitation project of Chongqing Bonded Port Area, and the environmental sanitation service project at Wafangdian, Dalian City, which allowed us to further contribute to the urban development and social governance innovation.

After many years of endeavours, the Group has formed nationwide layout and leading advantages in a number of business types, such as higher education and teaching and research properties, urban scenic areas, railways and transportation properties, hospitals, government offices and urban public facilities. For the year ended 31 December 2022, the single-year contract value of public and other property projects newly signed by the Group was approximately RMB1.1 billion, new key projects include Phase 4 of Canton Fair exhibition and convention centre, Terminal S1 of Shanghai International Airport, and phase I section of Xi'an Metro Line No. 1-6, No. 14 and No. 16. For the year ended 31 December 2022, the Group's revenue from public and other property amounted to approximately RMB2,061.5 million, representing an increase of approximately 41.0% as compared to the corresponding period of 2021 and accounted for approximately 24.5% of the total revenue from property management services, representing an increase of approximately 2.6 percentage points as compared with the corresponding period of 2021.

Towns Revitalisation

The "Towns Revitalisation" public service brand adheres to the brand concept of "Harmonious China, Beautiful China", combines the actual needs of urban services, participates in town and village governance and planning development, and forms a "5G public service product system" with urban services as the core carrier.

Steady increase in the average property management fee per unit

Benefiting from higher pricing standards for new projects and price increase for certain projects under management, the average property management fee per unit of the Group remained stable and was on an increasing trend.

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

	Year ended 31 December		
	2022	2021	Changes
	(RMB/sq.m./month)		(RMB)
Residential communities	**2.28**	2.24	Increased by 0.04
– Poly Developments and Holdings Group	**2.38**	2.32	Increased by 0.06
– Third parties	**1.80**	1.78	Increased by 0.02

Value-added services to non-property owners – representing approximately 16.0% 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; (ii) office leasing; and (iii) other value-added services to non-property owners, such as consultancy, inspection and delivery.

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			
	2022		2021	
Service Type	**RMB'000**	**Percentage of revenue %**	RMB'000	Percentage of revenue %
Pre-delivery services	**1,251,045**	**57.0**	1,123,052	62.0
Office leasing	**407,542**	**18.6**	304,844	16.8
Other value-added services to non-property owners	**536,054**	**24.4**	383,335	21.2
Total	**2,194,641**	**100.0**	1,811,231	100.0

The Group's revenue from value-added services to non-property owners for the year ended 31 December 2022 was approximately RMB2,194.6 million, representing an increase of approximately 21.2% as compared to the corresponding period of 2021, which was mainly due to (i) the increase in the number of projects that we provide pre-delivery services; (ii) the increase in the rent income of office buildings; and (iii) the business growth of other value-added services to non-property owners of the Group.

Value-added services to non-property owners

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

Community value-added services – representing approximately 22.4% of the total revenue

The Group's revenue from community value-added services for the year ended 31 December 2022 was approximately RMB3,063.6 million, representing an increase of approximately 33.1% as compared to the corresponding period of 2021. This was mainly attributable to (i) the expansion of the Group's management scale and the increase in service users, coupled with the customer loyalty brought by our quality basic services, which has provided a sound business foundation for the development of community value-added services; and (ii) the continuous improvement of the capability of our vertically integrated business model which comprised community retail, move-in and furnishing services, space operation, housekeeping services and parking space services.

During the year, the Group focused on building up industrial capabilities, kept close to the community scene and to meet the needs of property owners, accelerated the upgrade of core products in areas such as community retail, move-in and furnishing, achieved professionalism and verticalisation, strived to establish its positioning in housekeeping services in daily life and product selection for property owners. At the same time, we actively incubated industries such as house agent services and parking space services, centred on owners community assets, integrated asset transactions, asset custody, asset services, etc., to establish the integrated asset service capabilities, and to take full advantage of property scenario and our synergy effect in the industry.

Move-in and furnishing services: realising approximately RMB557.9 million in revenue, accounting for approximately 18.2% of the total revenue from community value-added services

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

Community retail: realising approximately RMB907.5 million in revenue, accounting for approximately 29.6% of the total revenue from community value-added services

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

Parking lot services: realising approximately RMB325.2 million in revenue, accounting for approximately 10.6% of the total revenue from community value-added services

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

Space operation: realising approximately RMB327.9 million in revenue, accounting for approximately 10.7% of the total revenue from community value-added services

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

Community convenience and other services: realising approximately RMB945.1 million in revenue, accounting for approximately 30.9% 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, realtor services, parking space sales agency services, as well as property-specific services such as garbage disposals and removals.

Community value-added services

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

FUTURE DEVELOPMENT

Adhering to the corporate vision of being "the prime provider of the Comprehensive Property ecosystem", we will step up our efforts in high-quality development and focus on "capturing market share, maintaining high quality, enhancing operation efficiency", with an aim to accelerate the increase of our share in property management market, continuously facilitate the in-depth development of value-added industries. We will also improve our quality and effectiveness through lean management and digitalisation.

Adhere to market-oriented direction, continue our dedicated development strategy and expand our advantage in market expansion

We will continue to dedicatedly develop high-quality regions and core business types, consolidate the density of core cities and increase our advantage by sub-sector businesses differentiation, so as to bring our scale development to a higher level and continuously optimise our business structure. In terms of density improvement, we will implement the "Original Point Action" strategy, pursuant to which we will actively place more effort on customer resources development by leveraging on our market reputation and channels that we have built up. We will also enhance our ability to submit tender by putting more effort on team building, market research and judgement and creation of benchmark projects. Such strategy can facilitate the effective implementation of our market expansion strategy and transform it into solid results. In terms of the development of our core business types, our focus will be put on strengthening quality core business types with competitive advantages, enhancing the competitive advantages arising from sub-sector businesses differentiation. Besides, we will further replicate and promote the town-wide holistic service model in Jiashan County and the city-wide holistic service model in Haizhu District, and speed up the implementation of the Comprehensive Property strategy. At the same time, we will use the combination of joint venture cooperation, equity investment and other methods to strengthen the integration of high-quality resources, actively tap into new industries and new business to enhance the advantages of sub-sector businesses and build up professional service capabilities at a faster pace.

Focus on core industries and enhance community value-added service capabilities in every aspect

Building on the strength of our core product system and the support from our five major systems, i.e. organisation system, talent system, incentive system, information system and risk control system, we will focus on making our five core businesses, i.e. move-in and furnishing services, community retail, space operation, housekeeping services and community asset management, a one-stop living brand of Poly Property by leveraging on our serviced marketing operation system, so as to promote the comprehensive upgrading of community value-added service products. We will give full play to the advantages of proximity, trust and service stickiness under the property scenarios and promote the high-quality and sustainable development of the five core industries. At the same time, in order to explore new business model, we will select and develop emerging industries with concentrated demand.

Use better service and competitive product to enhance brand reputation

We believe quality means everything, as such, we will enhance the quality of our property services with the help of information tools and the support of our training systems, so as to promote development and improve efficiency with quality. We continuously improve the service standards and quality control system for all business types, and rely on the quality monitoring system to achieve stable quality services. We will strengthen our product offering capabilities, further enhance our brand influence. In respect of residential sector, we will build brand influence in the high-end residential market, and will enhance our reputation through undertaking more benchmark projects, rolling out full-range products, providing quality service and facilitating brand promotion in a systematic way. In respect of non-residential sector, we will continue to improve our product offering capabilities for commercial and office services for business with state-owned background and holistic service, with an aim to strengthen our distinctive competitive advantages. At the same time, we will also accelerate the iterative optimisation and promotion of smart service model for all business types, and will build smart communities, smart buildings, and smart city model rooms to further improve the competitiveness of our products and brand recognition.

MANAGEMENT DISCUSSION AND ANALYSIS

Improve operation efficiency in all aspects, promote lean and digital-based developments in management and operation

We will carry out review on our organisation, talents, project management and cost management to improve quality and efficiency, and will further promote operational efficiency by increasing the use of digital intelligence. Regarding organisation and talents, we will put more effort on training and recruitment of professionals, and in order to enhance the enthusiasm and competitiveness of our team, performance appraisal will be conducted on core business lines, the incentive mechanism will also be optimised. In respect of project operation refinement, we will promote a full-ecosystem, full-cycle project management and control system, with an aim to realise accurate management of the smallest business unit, and to effectively improve the level of fine management. Regarding cost refinement, we will strengthen the comprehensive budget management and full-cycle cost control mechanism, place more effort on operation management with the help of data, and give full play to our advantages in scale for centralised procurement. In terms of the application of digital intelligence, firstly, we will continue to promote the full integration of business and informatization, improve the level of digital intelligence of customer services, so as to effectively improve customers' perception of property services; secondly, we will promote the full integration of management and informatization, realise online management of the entire project cycle, and empower management decisions with comprehensive digital operation.

FINANCIAL REVIEW

Revenue

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

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

	Year ended 31 December				
	2022		2021		
	RMB'000	**Percentage of revenue %**	RMB'000	Percentage of revenue %	Growth rate %
Property management services	**8,428,388**	**61.6**	6,670,397	61.9	26.4
Value-added services to non-property owners	**2,194,641**	**16.0**	1,811,231	16.8	21.2
Community value-added services	**3,063,633**	**22.4**	2,300,921	21.3	33.1
Total	**13,686,662**	**100.0**	10,782,549	100.0	26.9

For the year ended 31 December 2022, the total revenue of the Group amounted to approximately RMB13,686.7 million (2021: approximately RMB10,782.5 million), representing an increase of approximately 26.9% as compared to the corresponding period of 2021. It was mainly due to: (i) an increase in revenue driven by the continuous increase in the management scale of the Group; and (ii) continuous steady development of value-added services of the Group during the year.

Cost of services

During the year, the cost of services of the Group amounted to approximately RMB11,112.8 million (2021: approximately RMB8,767.9 million), representing an increase of approximately 26.7% as compared to the corresponding period of 2021. The increase in the cost of services was mainly due to (i) the corresponding increase in staff costs and subcontracting costs as a result of an increase of the GFA under management and number of projects under the management of the Group; and (ii) the growth in value-added services such as community retail, resulting in an increase in corresponding procurement costs.

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					
	2022			2021		
	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	**1,194,558**	**46.4**	**14.17**	954,267	47.4	14.31
Value-added services to non-property owners	**400,553**	**15.6**	**18.25**	337,976	16.8	18.66
Community value-added services	**978,733**	**38.0**	**31.95**	722,397	35.8	31.40
Total	**2,573,844**	**100.0**	**18.81**	2,014,640	100.0	18.68

For the year ended 31 December 2022, the Group's gross profit was approximately RMB2,573.8 million, representing an increase of approximately 27.8% as compared to approximately RMB2,014.6 million of the corresponding period of 2021. The Group's gross profit margin increased from approximately 18.68% for the corresponding period of 2021 to approximately 18.81%.

For the year ended 31 December 2022, the Group's gross profit margin for property management services was approximately 14.17% (2021: approximately 14.31%), representing a decrease of approximately 0.14 percentage points as compared to corresponding period of 2021.

The Group's gross profit margin for value-added services to non-property owners was approximately 18.25% (2021: approximately 18.66%), representing a decrease of 0.41 percentage points as compared to the corresponding period of 2021.

The Group's gross profit margin for community value-added services was approximately 31.95% (2021: approximately 31.40%), representing an increase of approximately 0.55 percentage points as compared to the corresponding period of 2021, which was primarily due to the continuous improvement of various value-added services businesses and our industrial capabilities.

Other income and other gains and losses, net

For the year ended 31 December 2022, other income and other gains and losses, net was approximately RMB164.0 million, representing an increase of approximately 6.6% as compared to approximately RMB153.9 million for the year ended 31 December 2021, primarily due to the net exchange gain recognised in respect of changes in foreign exchange rates.

Administrative expenses

For the year ended 31 December 2022, the total administrative expenses of the Group was approximately RMB1,207.0 million, representing an increase of approximately 20.0% as compared to approximately RMB1,006.0 million for the year ended 31 December 2021. Such increase was primarily due to an increase in the remuneration and benefits attributable to additional employees and related expenses as a result of the Group's fast business growth as compared to the corresponding period in 2021. The administrative expenses of the Group accounted for approximately 8.8% of the total revenue, representing a decrease of approximately 0.5 percentage points as compared to the approximately 9.3% for the year ended 31 December 2021.

Profit for the year

For the year ended 31 December 2022, the profit for the year of the Group was approximately RMB1,133.3 million, representing an increase of approximately 30.1% as compared to approximately RMB870.9 million of the corresponding period of 2021. The profit attributable to owners of the Company was approximately RMB1,112.9 million, representing an increase of approximately 31.6% as compared to approximately RMB845.7 million of the corresponding period of 2021. The net profit margin was approximately 8.3%, representing an increase of approximately 0.2 percentage points as compared to approximately 8.1% of 2021.

Current assets, reserves and capital structure

For the year ended 31 December 2022, the Group maintained a sound financial position. As at 31 December 2022, the current assets amounted to approximately RMB12,132.9 million, representing an increase of approximately 21.4% as compared to approximately RMB9,990.6 million as at 31 December 2021. As at 31 December 2022, the cash and cash equivalents of the Group amounted to approximately RMB8,956.3 million, representing an increase of approximately 16.5% as compared to approximately RMB7,690.6 million as at 31 December 2021. As at 31 December 2022, the gearing ratio of the Group was approximately 40.2%, representing an increase of approximately 2.0 percentage points as compared to approximately 38.2% as at 31 December 2021. Gearing ratio represents the ratio of total liabilities over total assets.

As at 31 December 2022, the Group's total equity was approximately RMB7,844.8 million, representing an increase of approximately RMB956.0 million or approximately 13.9% as compared to approximately RMB6,888.8 million as at 31 December 2021, which was primarily due to the contributions from the realised profits in the period.

Property, plant and equipment

The Group's property, plant and equipment primarily include self-use right-of-use assets, buildings, leasehold improvements, computer equipment, electronic equipment, transportation equipment, furniture and equipment. As at 31 December 2022, the Group's property, plant and equipment amounted to approximately RMB218.9 million, representing an increase of approximately RMB19.4 million as compared to approximately RMB199.5 million as at 31 December 2021, which was primarily due to the purchase of electronic equipment for office use and the purchase of transportation equipment 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 spaces and clubhouses. As at 31 December 2022, the Group's leased assets and investment properties amounted to approximately RMB512.5 million, representing a decrease of approximately RMB191.5 million as compared to approximately RMB704.0 million as at 31 December 2021, which was mainly attributable to (i) the commencement of office leasing business, which increased the leased assets and investment properties by approximately RMB92.8 million; and (ii) the decrease of approximately RMB286.3 million in depreciation of leased assets and investment properties.

Intangible assets

The Group's intangible assets primarily included property management contracts and goodwill obtained from a business combination. As at 31 December 2022, the Group's intangible assets amounted to approximately RMB114.8 million, representing a decrease of approximately RMB10.3 million as compared to approximately RMB125.1 million as at 31 December 2021, which was primarily due to the amortisation of property management contracts.

Trade and bills receivables

As at 31 December 2022, trade and bills receivables amounted to approximately RMB2,263.2 million, representing an increase of approximately RMB838.4 million as compared to approximately RMB1,424.8 million as at 31 December 2021, which was primarily due to (i) the increase in trade receivables as a result of the expansion of GFA under management and the increase in the number of projects of the Group; and (ii) the percentage of revenue from property management services for public service projects increased, and due to the impact of the credit period, the balance of trade receivables increased.

Prepayments, deposits and other receivables

Prepayments, deposits and other receivables primarily included: (i) deposits; (ii) payment made on behalf of property owners and residents; (iii) VAT receivables; (iv) interest receivables; and (v) prepayments.

As at 31 December 2022, prepayments, deposits and other receivables amounted to approximately RMB873.0 million, representing an increase of approximately 5.9% as compared to approximately RMB824.7 million as at 31 December 2021, which was mainly due to an increase in utilities payment made on behalf of property owners and residents resulting from an increase in GFA under management of the Group.

Trade payables

As at 31 December 2022, trade payables amounted to approximately RMB1,574.9 million, representing an increase of approximately 96.0% as compared to approximately RMB803.6 million as at 31 December 2021, which was primarily due to (i) an increase in outstanding rent balance due to the commencement of office leasing business; and (ii) the expansion of the Group's GFA under management and the continuous increase in the scale of subcontracting to independent third-party service providers.

Accruals and other payables

Accruals and other payables mainly include: (i) deposits; (ii) temporary receipts from property owners; (iii) other tax payables; and (iv) salary payables.

As at 31 December 2022, accruals and other payables amounted to approximately RMB1,988.9 million, representing an increase of approximately 11.7% as compared to approximately RMB1,780.8 million as at 31 December 2021. It was mainly due to (i) the increase in deposits payable to property owners in relation to decorations; and (ii) the payments received from the participants of the "First Phase Restricted Share Incentive Scheme of Poly Property Services Co., Ltd." (the "**Restricted Share Incentive Scheme**") amounted to approximately RMB94.8 million.

Borrowings

As at 31 December 2022, the Group had no borrowings or bank loans.

Pledge of assets

As at 31 December 2022, the Group had no pledge of assets.

SIGNIFICANT INVESTMENT, MAJOR ACQUISITION AND DISPOSAL AND FUTURE PLANS

The Group had no significant investment, and major acquisition and disposal for the year ended 31 December 2022. In addition, except for the sections headed "Future Development" in "Management Discussion and Analysis" in this report, the expansion plans disclosed in the announcement on the update status of the expected timetable on the use of proceeds dated 30 December 2022, the Group did not have any special plans on material investments, acquisitions and disposals.

PROCEEDS FROM THE LISTING

The H shares of the Company (the "**H Shares**") were successfully listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on 19 December 2019 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 2022, the Group has used approximately HK$3,690.7 million of the proceeds. Such used proceeds were allocated and used in accordance with the use of proceeds as set out in the prospectus dated 9 December 2019, the announcement on the change of use of proceeds from the global offering dated 1 April 2021, the announcement on the further change of use of proceeds from the global offering dated 16 July 2021, and the announcement on the update status of the expected timetable on the use of proceeds dated 30 December 2022 (the "**Announcement**") of the Company. The unutilised net proceeds are approximately HK$1,527.5 million, which will be allocated and used in accordance with the purposes and proportions as set out in the Announcement. Details of the specific use are as follows:

Revised planned use of the net proceeds as stated in the Announcement	Revised percentage of net proceeds as stated in the Announcement %	Net proceeds for revised planned use as stated in the Announcement HK$ millions	Net proceeds actually utilised as of 31 December 2022 HK$ millions	Revised net proceeds unutilised as of 31 December 2022 HK$ millions	Expected timetable for utilising the unutilised net proceeds
To pursue selective strategic investment and acquisition opportunities and to further develop strategic alliances and expand the scale of the Group's property management and value-added services businesses, which include acquiring or investing in companies engaged in businesses related to property management or value-added services, or forming joint ventures with such companies, and investing in related industrial funds with collaborative business partners	18.5	965.4	142.0	823.4	On or before 31 December 2024
To further develop the Group's value-added services, which include the development of value-added products and services related to daily scenarios (such as communities, commercial offices and urban management) and assets (such as leasing and sales of properties, parking spaces and shops), the upgrading of hardware and the development of smart community and commercial facilities operation services, and the development of value-added services related to commercial operations such as office buildings	62.5	3,261.4	3,159.6	101.8	On or before 31 December 2024

Revised planned use of the net proceeds as stated in the Announcement	Revised percentage of net proceeds as stated in the Announcement %	Net proceeds for revised planned use as stated in the Announcement HK$ millions	Net proceeds actually utilised as of 31 December 2022 HK$ millions	Revised net proceeds unutilised as of 31 December 2022 HK$ millions	Expected timetable for utilising the unutilised net proceeds
To upgrade the Group's systems of digitisation and smart management, which include the purchase and upgrading of hardware for building smart terminals and Internet of Things platforms, the construction and development of internal information sharing platforms and databases, the recruitment and development of professional and technical staff and information management teams, and the commencement of R&D for innovative applications related to the Group's business	9.0	469.6	53.3	416.4	On or before 31 December 2024
Working capital and general corporate purpose	10.0	521.8	335.9	185.9	On or before 31 December 2024
Total	100.0	5,218.2	3,690.7	1,527.5	

Note: For the avoidance of doubt, any discrepancy between the total and the sum of the respective amounts shown in the table is due to rounding.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any significant contingent liabilities.

FOREIGN EXCHANGE RISK

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

SUBSEQUENT EVENTS

The Group did not have significant subsequent events after 31 December 2022 and until the date of this report.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As of the date of this report, the information of the directors, supervisors and senior management of the company is as follows:

DIRECTORS

Executive Director

Ms. Wu Lanyu (吳蘭玉), aged 43, is an executive Director. Ms. Wu joined the Company as Director on 20 June 2018 and was appointed as executive Director on 7 May 2019 and as chairman of the Company on 11 January 2023. Ms. Wu is currently the chairman of nomination committee of the Board and serves as director of several of the Company's subsidiaries. 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 had been serving as the general manager of our Company from June 2018 to January 2023 with responsibility of overall operation, management, strategy making and business decision making.

Ms. Wu obtained dual bachelor degree in Management and Law, respectively, from Wuhan University of Technology (武漢理工大學) in June 2003, and a master degree in Communication Studies from Huazhong University of Science and Technology (華中科技大學) in June 2005. Ms. Wu is a qualified intermediate economist (economy of real estate).

Non-executive Directors

Mr. Liu Ping (劉平), aged 54, is a non-executive Director. He was appointed as non-executive Director on 9 October 2020. He is a member of nomination committee of the Board. 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, the deputy general manager and the general manager of Poly Developments and Holdings since 1989. He is currently the chairman and a director of Poly Developments and Holdings, and the chairman and a director of Poly Southern Group Co., Ltd ("**Poly Southern**").

Mr. Liu obtained a bachelor degree of Economics from Sun Yat-sen University (中山大學) in June 1989, and is a qualified senior auditor.

Mr. Hu Zaixin (胡在新), aged 54, is a non-executive Director. Mr. Hu joined the Company in April 2009, served as Director of the Company since 20 April 2009 and was the chairman of the Board between April 2009 and June 2018. He was appointed as non-executive Director on 7 May 2019. He is currently a member of audit committee of the Board. Mr. Hu has over 13 years of experience in property management.

Mr. Hu has joined Poly Developments and Holdings since July 1998. 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. He is currently a director and deputy secretary of the Party committee of Poly Developments and Holdings.

Mr. Hu obtained a master degree of 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 is a qualified intermediate economist (sales and marketing). Mr. Hu is currently a deputy to the People's Congress of Guangzhou City and a vice president of China Property Management Institute (中國物業管理協會).

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Huang Hai (黃海), aged 47, is a non-executive Director. Mr. Huang joined the Group as Director of the Company on 21 October 2016 and was appointed as non-executive Director on 7 May 2019. He served as the chairman of the Company from April 2019 to January 2023. He is currently a member of audit committee of the Board. Mr. Huang has over 25 years of experience in investment and financing, capital markets and corporate management and amongst which, over 19 years of experience in the real estate industry.

From April 1997 to October 1998, Mr. Huang worked as business manager of the finance department of Shenzhen OUR New Medical Technology Development Co., Ltd. (深圳市奧沃醫學新技術發展有限公司) (previously known as Shenzhen Wofa Medical New Technology Development Co., Ltd. (深圳沃發醫學新技術發展有限公司)), mainly participating in corporate financing related works. From January 1999 to January 2000, Mr. Huang worked as manager of the marketing department of Shantou Branch of Guangzhou Xingda Communication Co., Ltd. (廣州興達通訊有限公司), which has already been revoked, mainly responsible for marketing related works. From March 2000 to December 2002, Mr. Huang worked as manager and securities representative in the securities department of Zhongshan Public Utilities Group Co., Ltd. (中山公用事業集團股份有限公司) (formerly known as Zhongshan Public Utilities Science & Technology Co., Ltd. (中山公用科技股份有限公司)), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000685), responsible for securities related work. From July 2016 to February 2022, Mr. Huang was 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). Since December 2002, Mr. Huang has been working in Poly Developments and Holdings as the secretary of the board since April 2012, responsible for securities related work, relationship with the investors and capital markets related work. He is currently also serving as the chairman of Poly (Hengqin) Innovation Industry Investment Management Co., Ltd. (保利（橫琴）創新產業投資管理有限公司).

Mr. Huang obtained a bachelor degree in Trade and Economics from South China Agricultural University (華南農業大學) in July 1997 and a master degree in Business Administration from Sun Yat-sen University (中山大學) in December 2006.

Independent Non-executive Directors

Mr. Wang Xiaojun (王小軍), aged 68, is an independent non-executive Director. He was appointed as independent non-executive Director on 7 May 2019. He is currently the chairman of remuneration committee, a member of each of audit committee and nomination committee of the Board.

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 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). From August 2004 to April 2022, Mr. Wang served 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).

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 degree of 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 is a qualified lawyer in the PRC, an admitted solicitor in Hong Kong and England and Wales.

Ms. Tan Yan (譚燕), aged 58, is an independent non-executive Director. Ms. Tan was appointed as independent non-executive Director on 7 May 2019. She is currently the chairman of audit committee, a member of each of remuneration committee and nomination committee of the Board.

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 December 2020, Ms. Tan has been serving as an independent director of China Southern Power Grid Technology Co., Ltd. (南方電網電力科技股份有限公司), whose shares are listed on the Shanghai Stock Exchange (stock code: 688248) since 22 December 2021. From September 2018 to January 2020, Ms. Tan served as an independent director and the chairman 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 chairman 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). From June 2019 to October 2022, 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) (currently known as Guangdong Zhongnan Iron & Steel Co., Ltd (廣東中南鋼鐵股份有限公司)), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000717).

Ms. Tan obtained her bachelor 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 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. Zhang Liqing (張禮卿), aged 59, is an independent non-executive Director. Mr. Zhang was appointed as independent non-executive Director on 14 April 2022. He is currently a member of the audit committee, remuneration committee and nomination committee of the Board.

Mr. Zhang joined the Central University of Finance and Economics in 1987 and is currently a professor at the School of Finance of the Central University of Finance and Economics. He is also a vice president of China Society of World Economics* (中國世界經濟學會) and an executive member of the China International Finance Society* (中國國際金融學會）and the China Modern Financial Society (中國現代金融學會) (formerly known as the China Urban Financial Society (中國城市金融學會)). Since October 2020, Mr. Zhang has been serving as an external supervisor of China Minsheng Banking Corp., Ltd., the shares of which are listed on the Shanghai Stock Exchange (stock code: 600016). Since December 2020, Mr. Zhang has been serving an independent non-executive director of E-Star Commercial Management Company Limited, the shares of which are listed on the Hong Kong Stock Exchange (stock code: 06668). From September 2016 to August 2021, Mr. Zhang was an independent non-executive director of Gome Finance Technology Co., Ltd., the shares of which are listed on the Hong Kong Stock Exchange (stock code: 00628). From April 2016 to December 2021, Mr. Zhang acted as an independent director of Zhejiang Shaoxing Ruifeng Rural Commercial Bank Co., Ltd., the shares of which are listed on the Shanghai Stock Exchange (stock code: 601528). From March 2011 to September 2018, Mr. Zhang was an independent director of Poly Developments and Holdings.

Mr. Zhang obtained a bachelor degree of Economics from Renmin University of China (中國人民大學), a master degree of Economics from the Graduate School of the Financial Research Institute of the People's Bank of China and a doctorate degree of Economics from Renmin University of China (中國人民銀行總行金融研究所) in July 1984, November 1988 and January 2003, respectively.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SUPERVISORS

Ms. Liu Huiyan (劉慧妍), aged 51, was appointed as chairman of the supervisory committee of the Company ("**Supervisory Committee**") in October 2016. Ms. Liu joined the Group in March 1999 and rejoined the Group in November 2011 and has been serving as supervisor of the Company ("**Supervisor**") since 15 November 2011.

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

Ms. Liu obtained her bachelor degree of 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 is a qualified accountant.

Ms. Zhong Yu (鍾妤), aged 50, was appointed as Supervisor of the Company on 21 October 2016. Ms. Zhong joined the Group in July 2007.

Ms. Zhong has over 15 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 degree in Economist from Wuhan University (武漢大學) in July 1995. She is a qualified intermediate accountant.

Ms. Mu Jing (穆靜), aged 40, was appointed as employee representative Supervisor of the Company on 27 August 2020. Ms. Mu joined the 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 manager of the cooperation and development department under the market development center of the Company, and deputy director of the market development center of the Company.

Ms. Mu obtained a bachelor degree in Law from Hengyang Normal University in June 2011, and is a qualified level 1 human resources professional and a qualified level 2 psychological counsellor.

SENIOR MANAGEMENT

Mr. Yao Yucheng (姚玉成), aged 48, is the general manager of the Company. He was appointed as general manager of the Company on 11 January 2023. From 1995 to 2004, Mr. Yao successively served as office secretary of Guangzhou Metro Corporation (廣州市地下鐵道總公司) (currently known as Guangzhou Metro Group Co., Ltd. (廣州地鐵集團有限公司)), a business partner of the human resources department of Guangdong Ericsson Technology Co., Ltd. (廣東愛立信科技有限公司), and the human resources director of Guangdong Eastern Fibernet Investment Co., Ltd. (廣東盈通網絡投資有限公司). From 2004 to 2019, he worked in Mattel, Inc. (美泰公司) (whose shares are listed on the NASDAQ (stock code: MAT)) and served as the general manager of the Shenzhen office and the regional human resources director prior to his departure. From 2019 to January 2023, he served as the general manager of the human resources center of Poly Developments and Holdings.

Mr. Yao obtained a bachelor degree of Engineering from Shanghai Railway University (上海鐵道大學) (currently known as Tongji University (同濟大學)) in July 1995, a master degree of Business Administration from Jinan University (暨南大學) in June 2001, and a doctorate degree of Management from Sun Yat-Sen University (中山大學) in December 2008.

Mr. Zou Fushun (鄒福順), aged 45, is a deputy general manager of the Company. Mr. Zou joined the Group in January 2017 and has been serving as deputy general manager since then.

Mr. Zou has approximately 18 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 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.

Mr. Yin Chao (尹超), aged 38, 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 15 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 degree of Management from Sun Yat-sen University (中山大學) in 2007. Mr. Yin is a qualified secretary of the board of directors issued by the Shanghai Stock Exchange.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Jin Qin (靳勤), aged 44, is a deputy general manager of the Company. Mr. Jin joined the Group in August 2009 and was appointed as deputy general manager in March 2020.

Mr. Jin has approximately 14 years of experience in the property management sector. From March 2005 to July 2009, Mr. Jin served as 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 successively served as deputy general manager and general manager of the Shanghai branch of the Company. From July 2018 to February 2020, Mr. Jin served as 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. Mr. Jin is a qualified senior engineer and a registered property management manager.

Mr. Zhao Binbin (趙斌斌), aged 41, is a deputy general manager of the Company. Mr. Zhao joined the Group in January 2023 and has been serving as deputy general manager since then.

From July 2007 to December 2013, Mr. Zhao successively served as an operation assistant, business manager and deputy manager of the engineering department of Guangdong Poly Property Development Limited. From January 2014 to January 2023, he had served as a deputy manager of the engineering management center of the headquarter, manager of the standard management department, assistant general manager of the Strategic Cost Center, assistant general manager of the operations management center, assistant general manager of the Yunnan branch, assistant general manager and deputy general manager of operations management center of the headquarter, and deputy general manager of real Estate management center.

Mr. Zhao obtained his bachelor degree of Engineering in June 2004 and master degree of Engineering in June 2007, respectively. He is a qualified engineer.

Mr. He Jielun (何傑倫), aged 39, is the chief financial officer of the Company. Mr. He joined the Group in March 2022 and was appointed as chief financial officer in April 2022.

Mr. He has over 14 years of experience in financial management. From July 2008 to February 2011, Mr. He worked in Finance Department of Guangzhou Poly Real Estate Development Co., Ltd.. From March 2011 to May 2015, Mr. He worked in Guangdong Poly Real Estate Development Co., Ltd, and successively serving as deputy manager of Finance Department and Investment Planning Department. From May 2015 to March 2022, Mr. He worked in Poly Developments and Holdings and successively serving as deputy manager and manager of Accounting Department, assistant general manager of Financial Management Center, assistant general manager and vice general manager of Finance Center.

Mr. He obtained bachelor degree of Management from Wuhan University (武漢大學) in June 2006 and master degree of Management from Sun Yat-sen University in July 2008.

Ms. Zhu Ruijia (朱芮嘉), aged 37, is a deputy general manager of the Company. Ms. Zhu joined the Group in January 2019 and was appointed as deputy general manager in January 2023.

From July 2010 to January 2019, Ms. Zhu successively served as a senior business manager of Brand Management Center, senior manager, deputy manager and manager of Customer Relationship Management Department of Poly Developments and Holdings. She joined the Company in January 2019 as an assistant general manager of the Company.

In June 2008, Ms. Zhu obtained bachelor degree of Arts from Wuhan University (武漢大學), and bachelor degree of Science from Central China Normal University (華中師範大學), respectively. Ms. Zhu obtained master degree of Arts from Peking University (北京大學) in July 2010.

Mr. Liu Long (劉龍), aged 37, is a deputy general manager of the Company. Mr. Liu joined the Group in November 2020 and was appointed as deputy general manager in January 2023.

From July 2010 to February 2013, Mr. Liu worked as a marketing officer in Investment Department of China Resources Land (Hunan) Limited. From February 2013 to November 2020, he successively served as a business manager and deputy manager of Investment Planning and Management Department, deputy manager and manager of Investment Operation Department, and Manager of Investment Planning and Management department of Hunan Poly Real Estate Development Co., Ltd. He joined the Company in November 2020 and successively served as general manager of Operation Management Center and assistant general manager of the Company.

Mr. Liu obtained his bachelor degree of Management and master degree of Engineering from Hunan University in June 2007 and June 2010, respectively.

JOINT COMPANY SECRETARIES

Mr. Yin Chao (尹超), aged 38, was appointed as a joint company secretary of the Company in February 2020. For details of Mr. Yin's biographical details, please refer to "Senior Management" in this section.

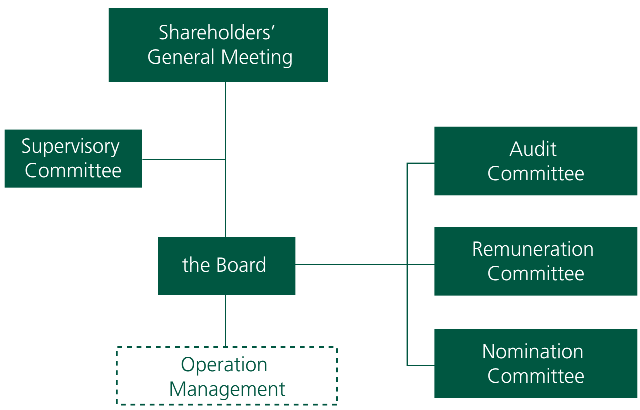
Mr. Lau Kwok Yin (劉國賢), aged 37, was appointed as the joint company secretary of the Company in July 2019. Mr. Lau is an assistance vice president of SWCS Corporate Services Group (Hong Kong) Limited. He has over 13 years of experience in corporate secretarial services, finance and banking operations. He holds a bachelor degree in Business Administration (Accounting and Finance) from the University of Hong Kong, and is a member of the Hong Kong Institute of Certified Public Accountants, a Chartered Financial Analyst charterholder, and a fellow of each of The Chartered Governance Institute and The Hong Kong Chartered Governance Institute.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE STRUCTURE

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

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



Since 19 December 2019, the Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules. The Company abided by the applicable principles and code provisions during the year ended 31 December 2022.

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 2022.

THE BOARD

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

Composition of the Board

Details of the Board composition for the year ended 31 December 2022 and up to the date of this report are as follows:

Executive Director

Ms. Wu Lanyu (Chairman, appointed on 11 January 2023)

Non-executive Directors

Mr. Liu Ping
Mr. Hu Zaixin
Mr. Huang Hai

Independent Non-executive Directors

Mr. Wang Xiaojun
Ms. Tan Yan
Mr. Zhang Liqing (appointed on 14 April 2022)
Mr. Wang Peng (removed on 14 April 2022)

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 C.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 2022, 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. On 11 January 2023, Ms. Wu Lanyu was elected by the Board of the Company as the chairman of the Board and Mr. Yao Yucheng was appointed 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 2022, 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 B.2.2 of the CG Code stipulates 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 (including non-executive Directors) of the Company is engaged for a term of three years or for a term until the expiration of the term of the second session of the Board. When the Directors' terms expire and re-elections are not held in time, the original Directors shall still perform their duties as Directors in accordance with the laws, administrative regulations, departmental rules and the Articles of Association before the newly elected Directors take office. Their re-elections shall be subject to the provisions of the Articles of Association.

Nomination Policy

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

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

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

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

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

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

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

DIVERSITY

Board Diversity Policy

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

CORPORATE GOVERNANCE REPORT

An analysis of the Board composition as at 31 December 2022 is set out in the following charts:

A Professional qualifications and industry experience

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

B Age

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

C Gender

Gender group	Male	Female
Number of Directors	5	2

D Length of service of Directors

Length of service	5 years and below	6 to 10 years	11 years and above
Number of Directors	5	1	1

As at 31 December 2022, female members accounted for 28.57% of the composition of the Board. In view of the above, the nomination committee considers that the Company has strictly implemented the "Board Diversity Policy". Members of the Board of the Company are of the view that the composition of the Board is in line with the diversity policy in terms of gender, age, professional qualification, skills and knowledge. The nomination committee will review the relevant policy on an annual basis to ensure its effectiveness and make recommendation to the Board on any amendments to the policy as and when necessary.

Diversity of Staff and Senior Management

The Group has established and continued to improve our employment system, to offer equal employment opportunities for all kinds of talents, as well as continuing training programmes and career development opportunities for our staff (for details, please refer to the 2022 Environmental, Social and Governance Report of the Company). At the same time, the Company strives to establish a gender-balanced management team. As at the date of this report, female members accounted for 12.5% of the total number of Senior Management. An analysis of composition of the employees and senior management is set out in the following charts:

A Employees (as at 31 December 2022)

Age Group	Aged Below 30	Aged 31–50	Aged 51 and above
Proportion	36.2%	55.6%	8.2%

Gender Group	Male	Female
Proportion	57.8%	42.2%

B Senior Management (as at the date of this report)

Age Group	Aged Below 40	Aged 41–45	Aged 46 and above
Number	4	3	1

Gender Group	Male	Female
Number	7	1

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

As at 31 December 2022, 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. Zhang Liqing (independent non-executive Director). Ms. Tan Yan is the chairman 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 2022, the audit committee held five meetings, with major works including: (i) reviewing and discussing the annual audit scheme; (ii) reviewing and discussing the 2021 financial report and 2022 interim financial report; (iii) considering and proposing to the Board the engagement of independent external auditor; (iv) reviewing and discussing the continuing connected transactions of the Group; and (v) reviewing and discussing the internal control report, and reviewing the risk management and internal control systems of the Group. Please refer to the section headed "Meetings of the Board and the Board Committees" below for the attendance records of the members of the audit committee.

Remuneration Committee

As at 31 December 2022, our remuneration committee comprises three members, namely Mr. Wang Xiaojun (independent non-executive Director), Ms. Tan Yan (independent non-executive Director) and Mr. Zhang Liqing (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 2022, the remuneration committee held three meetings, and reviewed and fulfilled the above duties together with matters including (i) the remuneration of Directors, Supervisors and senior management; and (ii) the First Phase Restricted Share Incentive Scheme and the Initial Grant Proposal. Please refer to the section headed "Meetings of the Board and the Board Committees" below for the attendance records of the members of the remuneration committee.

Nomination Committee

As at 31 December 2022, 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. Zhang Liqing (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 2022 the nomination committee held two meetings, and reviewed and fulfilled the above duties together with matters including the (i) annual review of the structure of the Board and implementation of its diversity policy; (ii) annual assessment of the independence of the independent non-executive Directors; and (iii) re-election of Board Committees. Please refer to the section headed "Meetings of the Board and the Board Committees" below for the attendance records of the members of the nomination committee.

Meetings of the Board and the Board Committees

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

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

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

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

	Number of meetings attended/convened				
Directors	Board meeting	Audit committee meeting	Remuneration committee meeting	Nomination committee meeting	Shareholders' general meeting
Ms. Wu Lanyu	10/10	N/A	N/A	2/2	4/4
Mr. Liu Ping	10/10	5/5	N/A	N/A	0/4
Mr. Hu Zaixin	10/10	5/5	N/A	N/A	0/4
Mr. Huang Hai	10/10	N/A	N/A	2/2	4/4
Mr. Wang Xiaojun	10/10	5/5	3/3	2/2	2/4
Ms. Tan Yan	10/10	5/5	3/3	2/2	4/4
Mr. Zhang Liqing	7/7	4/4	1/1	1/1	2/2
Mr. Wang Peng (removed on 14 April 2022)	0/3	0/1	0/2	0/1	0/2

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 2022, all Directors had been provided with trainings regarding standardised governance of a listed company, duties and responsibilities of a Director, connected transactions, management and disclosure of insider information, and relevant laws and regulations applicable to the Directors, and had read materials concerning the Company's business and the authority and duties of a Director.

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

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

Emolument of Senior Management

For the year ended 31 December 2022, the emolument bands of the senior management of the Company (excluding the Directors) are as follows:

Emolument bands (RMB)	Number
1-1,500,000	1
1,500,001-2,000,000	6

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.

The Company has established and adopted a whistleblower policy in accordance with code provision D.2.6 of the CG Code, and adopted rules that promote and support anti-corruption and bribery laws and regulations in accordance with code provision D.2.7 of the CG Code.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

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

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

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

According to systems of organizational risk management and internal monitoring, the Group has realized dynamic monitoring of major risks in five key areas by implementing the work of various links of risk management. The detailed process is set out in the figure below:

Risk Management and Internal Control of the Company for the Year

The Group improved its comprehensive risk management system and applied risk identification tools at all levels and prepared a risk checklist, identified major risks during our compliance risk assessment that focuses on five key areas, including business development, community value-added services, cadre management, procurement management and budget management. For these major risks, we have completed risk contingency measures and our risk management databases. We have also sorted out and identified red flags under these major risks, organized the implementation of embedment of major risks warning and the automation of the monitoring of major risks, in order to mitigate the potential effect of risk under its control, and reported to the Board and the audit committee.

During 2022, in order to standardise its internal operation and management of and prevent operational risk, the Company continued to optimise its internal control system with reference to the requirements under the "Basic Standards for Corporate Internal Control" and the complementary guidelines thereof and revised the "Application Manual for Internal Control" and "Evaluation Manual for Internal Control". From November to December 2022, the Company carried out a management review on 26 level-one platform companies whose design and operation of policies were reviewed. Through online and offline reviews by the headquarters, the Company inspected the internal control of local branches, identify risks arising from operation, organised the implementation of rectification tasks, divided the rectification tasks, assigned responsible missions and formulated rectification measures at the design and implementation stages. In addition, in accordance with the relevant requirements under the "Basic Standards for Corporate Internal Control", the Company conducted internal control compliance tests. A self-evaluation on internal control was conducted in December 2022 which covered the accounting year of 2022 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 2022 internal control self-evaluation work by December 2022 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 2022 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 2022 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 2022, the remuneration paid by the Company to the auditor in respect of audit and non-audit services during the year amounted to RMB2.76 million. Specific analysis is set out as follows:

Services Provided By Auditor	Amount RMB million
– Audit services	2.76
– Non-audit Services	–

JOINT COMPANY SECRETARIES

Both Mr. Yin Chao, the secretary of the Board of the Company, and Mr. Lau Kwok Yin of SWCS Corporate Services Group (Hong Kong) Limited, which is an external service provider, serve as the joint company secretaries of the Company. During the reporting period, the main contact person of Mr. Lau in the Company is Mr. Yin. Mr. Yin and Mr. Lau had participated in no less than 15 hours of relevant professional training for the year ended 31 December 2022.

SHAREHOLDERS' RIGHTS

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

Convening of the Extraordinary General Meeting

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

Putting Forward Resolutions at Shareholders' General Meetings

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

Address:	Poly Property Services Co., Ltd. 48-49/F, Poly Plaza, No. 832 Yue Jiang Zhong Road, Hai Zhu District, Guangzhou, Guangdong Province, the PRC
Email:	stock@polywuye.com

Enquires to the Board

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

Address:	Poly Property Services Co., Ltd. 48-49/F, Poly Plaza, No. 832 Yue Jiang Zhong Road, Hai Zhu District, Guangzhou, Guangdong Province, the PRC
Tel:	(86) 20 8989 9959
Email:	stock@polywuye.com

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

For the year ended 31 December 2022, the Company has strictly implemented the Shareholders Communication Policy in accordance with relevant requirements by conducting multi-channel communications with shareholders and investors through various methods, including the issuance of communication documents (such as announcements and regular reports), updating the Company website, and convening results announcements, investors' conferences and shareholders' meetings, etc. In view of the above, the Company has reviewed the implementation and effectiveness of the Shareholders Communication Policy, and considered the policy effective.

DIVIDEND POLICY

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

For details of the dividend distribution for the year ended 31 December 2022, 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 18 February 2022. The latest version of such document is available for inspection at the website of the Company (https://www.polywuye.com/) and the designated website of the Hong Kong Stock Exchange (www.hkexnews.hk).

REPORT OF THE BOARD OF DIRECTORS

The Board of the Company is pleased to present the annual report and audited consolidated financial statements of the Group for the year ended 31 December 2022.

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 2022 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 2022 and the consolidated statements of financial position as at 31 December 2022 of the Group are set out in the consolidated financial statements on pages 88 to 90 in this annual report.

RESULTS AND APPROPRIATIONS

Profits for the year attributable to owners of the Company for the year ended 31 December 2022 amounted to approximately RMB1,112.9 million (2021: RMB845.7 million). During the year ended 31 December 2022, dividend of RMB168,766,687 (tax inclusive) in respect of 2021 was declared by the Company to all its shareholders.

The Board proposed the distribution of an annual dividend of RMB0.503 per share (tax inclusive) for the year ended 31 December 2022 with a proposed dividend payout ratio of approximately 25.0%. The dividend distribution plan shall be subject to the approval of the shareholders of the Company (the "**Shareholders**") at the annual general meeting to be held on 17 May 2023 (the "**2022 AGM**") and is expected to be paid on or before 13 July 2023. 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 2022 AGM.

TAX ON DIVIDENDS

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) which came into effect on 1 January 2008, and amended on 24 February 2017 and 29 December 2018, the Provision for Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) which took effect on 1 January 2008 and amended on 23 April 2019, and the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprise to H Shareholders which are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) 《(關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[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) 《(關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[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稅收政策的通知》(財稅[2016]127號)) and the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81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 2022 AGM (and the adjourned meeting thereof), the register of members of the Company will be closed from Friday, 12 May 2023 to Wednesday, 17 May 2023, 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 2022 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 11 May 2023. Shareholders whose names appear on the register of members of the Company on Wednesday, 17 May 2023 are entitled to attend and vote at the 2022 AGM.

For the purpose of determining the identity of the Shareholders entitled to the annual dividend in respect of the year ended 31 December 2022, the H Share register of members of the Company will be closed from Monday, 12 June 2023 to Tuesday, 13 June 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 9 June 2023. Shareholders whose names appear on the register of members of the Company on Tuesday, 13 June 2023 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 2022 and as at 31 December 2022 are set out in note 28 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 2022 are set out in note 28 and note 31 to the consolidated financial statements and the section headed "Consolidated Statement of Changes in Equity" in this annual report.

As at 31 December 2022, the Company's aggregate amount of reserve available for distribution to equity Shareholders was approximately RMB1,645.3 million.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group for the year ended 31 December 2022 are set out in note 13 to the consolidated financial statements.

INTANGIBLE ASSETS

Details of the movements in intangible assets of the Group for the year ended 31 December 2022 are set out in note 15 to the consolidated financial statements.

BORROWINGS

As at 31 December 2022, the Group had no borrowings or bank loans.

REPORT OF THE BOARD OF DIRECTORS

PLEDGE OF ASSETS

As at 31 December 2022, the Group had no pledge of assets.

CHARITABLE DONATIONS

For the year ended 31 December 2022, the Group made RMB3,000 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 2022 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 3.11 to the consolidated financial statements.

FIVE YEAR FINANCIAL SUMMARY

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

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

During the year ended 31 December 2022, 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 2022 and up to the date of this report include:

Ms. Wu Lanyu (Chairman, appointed on 11 January 2023)
Mr. Liu Ping
Mr. Hu Zaixin
Mr. Huang Hai
Mr. Wang Xiaojun
Ms. Tan Yan
Mr. Zhang Liqing (appointed on 14 April 2022)
Mr. Wang Peng (removed on 14 April 2022)

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. As the election of the Board and the Supervisory Committee is still in preparation, the change of session of the Board and the Supervisory Committee has been postponed. The Company has completed the nomination process of the directors to be proposed for the third session of the Board and the supervisors to be proposed for the third session of the Supervisory Committee. The above list of the proposed directors and supervisors will be submitted to the Shareholders for consideration and approval at the 2022 AGM. The term of the second session of the Board and Supervisory Committee will be extended to until the next session of the Board and Supervisory Committee are elected on the 2022 AGM, and the term of each committee under the Board will also be extended accordingly. The second session of the Board and the Supervisory Committee will continue to perform their respective responsibilities and duties in accordance with the laws and regulations and the Articles of Association until the change of session is completed.

As of 31 December 2022, 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 the 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 2022.

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 2022.

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 2022 and up to the date of this report are set out below:

Ms. Wu Lanyu ceased to be the general manager of the Company and was appointed as the chairman of the Board and the chairman of the nomination committee of the Board, with effect from 11 January 2023.

Mr. Liu Ping ceased to be a member of the audit committee of the Board and was appointed as a member of the nomination committee of the Board, with effect from 11 January 2023.

Mr. Huang Hai ceased to be the chairman of the Board and the chairman and a member of the nomination committee of the Board, and was appointed as a member of the audit committee of the Board, with effect from 11 January 2023. Mr. Huang ceased to be 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), with effect from 24 February 2022.

Mr. Wang Xiaojun has resigned 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), with effect from 22 April 2022.

Ms. Tan Yan ceased to be 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), with effect from 17 October 2022.

PERMITTED INDEMNITY PROVISION

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

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed for the year ended 31 December 2022.

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 2022, 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	The Company or name of its associated corporation	Capacity	Number of shares held in the Company or its associated corporation	Percentage of total issued shares of the Company or its associated corporation (%)
Wu Lanyu	Poly Property(1)	Other(2)	116,800(L)(2)	0.02
Liu Ping	Poly Developments and Holdings	Beneficial owner	7,723,184(L)	0.06
Hu Zaixin	Poly Developments and Holdings	Beneficial owner	925,497(L)	0.007
Huang Hai	Poly Developments and Holdings	Beneficial owner	1,095,697(L)	0.009
Liu Huiyan	Poly Developments and Holdings	Beneficial owner	50,000(L)	0.0004

Notes:

As shown in the disclosed information:

Long position – L;

(1) As at 31 December 2022, the Company had a total of 553,333,400 issued shares, comprising 400,000,000 domestic shares and 153,333,400 H Shares.

(2) Ms. Wu Lanyu has accepted 116,800 Restricted Shares granted by the Company under the Restricted Share Incentive Scheme. The details of the Restricted Shares are set out in the section headed "Restricted Share Incentive Scheme" in this report.

Save as disclosed above, as at 31 December 2022, 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 2022, the persons (other than Directors, Supervisors or chief executive of the Company) or corporations who had interest or short positions in the shares and/or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Class of shares	Name of Shareholder	Capacity	Interests held or owned in the class shares of the Company	Percentage of issued shares of the relevant class of the Company (%)	Percentage of total issued shares of the Company (%)
H Share	AEGON-Industrial Fund Management Co., Ltd.	Investment manager	9,255,800 (L)	6.04	1.67
	Gaoling Fund, L.P.	Beneficial owner	7,795,000 (L)[1]	5.85[1]	1.40
	Hillhouse Capital Advisors, Ltd.	Investment manager	7,795,000 (L)[1]	5.85[1]	1.40
	China International Capital Corporation Limited[2]	Interest in controlled corporation	8,764,200 (L)[2]	5.72[2]	1.58
			6,642,000 (S)[2]	4.33[2]	1.20
	HSBC Global Asset Management (Hong Kong) Limited	Investment manager	7,775,423 (L)	5.07	1.40
	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[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
	Guangzhou Baoli Hetai Financial Holding Co., Ltd.[4]	Interest in controlled corporation	20,000,000 (L)	5.00	3.614
	Xizang Hetai Corporate Management Co., Ltd.[4]	Beneficial owner	20,000,000 (L)	5.00	3.614

Notes:

As shown in the disclosed information:

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

* As at 31 December 2022, 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 2022 (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 2022 (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 2022 (date of the relevant event: 19 December 2019).

(4) (i) Poly Developments and Holdings is held as to 37.69% by Poly Southern, which is a wholly-owned subsidiary of China Poly Group Corporation Limited ("**China Poly Group**"). Therefore, Poly Southern and China Poly Group are deemed by the SFO to be interested in the shares of the Company held by Poly Developments and Holdings; and (ii) Xizang Hetai Corporate Management Co., Ltd. ("**Xizang Hetai**", formerly known as Xizang Yingyue Investment Management Co., Ltd.) is wholly-owned by Guangzhou Baoli Hetai Financial Holding Co., Ltd. ("**Guangzhou Baoli Hetai**") and Guangzhou Baoli Hetai is directly held as to 99.90% and indirectly held as to 0.10% by Poly Developments and Holdings. Therefore, Guangzhou Baoli Hetai and Poly Developments and Holdings are deemed by the SFO to be interested in the shares of the Company held by Xizang Hetai.

Save as disclosed above, as at 31 December 2022, the Company had not been notified of any other interests or short positions held by any other person in the shares or underlying shares of the Company which were required to be recorded or otherwise disclosed to the Company under the SFO.

RESTRICTED SHARE INCENTIVE SCHEME

As approved by the extraordinary general meeting of the Company dated 18 February 2022, the Company has adopted the "First Phase Restricted Share Incentive Scheme of Poly Property Services Co., Ltd." (the "**Restricted Share Incentive Scheme**" or the "**Scheme**"). The Scheme shall be valid and effective for a term of ten years, with an outstanding period of eight years and eleven months as of the date of this report.

The Restricted Share Incentive Scheme aims at (i) improving the corporate governance structure of the Company, establishing and enhancing the common interests of employees, shareholders and the Company as a whole; (ii) establishing benefits and risk sharing mechanisms, avoiding short-term behaviours, promoting the Company's performance improvement and facilitating the long-term stable development of the Company; (iii) effectively attracting, retaining and motivating the core staff necessary for the development of the Company, stimulating the morale of employees and reinforcing the talent base for the long-term sustainable development of the Company. The scheme participants include Directors (excluding independent non-executive Directors), senior management, and the cadre of management and technical personnel who has an impact on the overall performance and sustainable development of the Company.

The cumulative total number of restricted shares (the "**Restricted Share**") granted under the Scheme shall not exceed 10% of the total share capital of the Company. The cumulative number of Shares granted for two consecutive full years is generally within 3% of the total share capital of the Company. The total number of Shares to be obtained by any Scheme Participant under the Scheme shall not exceed 1% of the total share capital of the Company unless approved by way of special resolution at the general meeting. The total share capital mentioned above represents the total issued share capital of the Company as at the time of approval of the Scheme at the general meeting. The total number of Restricted Shares that may be granted under the Scheme is 55,333,340 shares, representing approximately 10.0% of the Company's total issued share capital as of the date of this report. The source of the Restricted Shares to be granted under the Scheme shall be the ordinary H Shares of the Company to be purchased by the trustee from the secondary market.

The grant price of Restricted Shares under the Scheme shall be no less than the higher of the 50% of the reference price and the shareholders' equity per share. The reference price shall be the higher of: (i). the closing price of H Shares of the Company on the grant date; (ii). the average closing price of H Shares of the Company for the five trading days immediately preceding the Grant Date; and (iii). the nominal value of Shares of the Company.

On 26 April 2022, the Board implemented the first grant (the "**Initial Grant**") of the Restricted Shares according to the Restricted Share Incentive Scheme and approved the first tranche of grant under the Initial Grant. On 20 January 2023, the Board has approved the reserved grant ("**Reserved Grant**") of the Initial Grant. For relevant details, please refer to the announcements and circular of the Company dated 15 November 2021, 28 January 2022, 31 January 2022, 26 April 2022 and 20 January 2023 as well as the poll results of the extraordinary general meeting dated 18 February 2022, in relation to, among other things, (i) the Scheme; (ii) the Initial Grant Proposal; (iii) the authorisation to the Board to implement relevant matters of the Scheme; (iv) the Administrative Measures for the Scheme and the Appraisal Measures for Implementation of the Scheme; (v) the Initial Grant under the Scheme; and (vi) Reserved Grant of The Initial Grant Under The Scheme.

In the Initial Grant for the year ended 31 December 2022, (i) 116,800 Restricted Shares were granted to Ms. Wu Lanyu, Chairman of the Company, and none of the remaining Directors were granted Restricted Shares; (ii) the four highest paid individuals (excluding the Director) for the year ended 31 December 2022 were granted a total of 201,600 Restricted Shares; and (iii) other grantees were granted a total of 3,964,000 Restricted Shares.

Details of the Restricted Shares granted to Directors, the four highest paid individuals (excluding the Director) and other grantees in the Initial Grant under the Restricted Share Incentive Scheme for the year ended 31 December 2022 are as follows:

Grantees	Grant date	Unlocking period	Grant price (HK$)	Closing Price of H Shares immediately before the grant date (HK$)	Fair value of the Restricted Share on the grant date (HK$)	Number of shares granted as at 1 January 2022	Number of shares granted during the year ended 31 December 2022	Number of shares unlocked during the year ended 31 December 2022	Number of shares cancelled/ lapsed during the year ended 31 December 2022	Number of shares not yet unlocked as at 31 December 2022
Ms. Wu Lanyu, Chairman and secretary of the Party committee	26 April 2022	24 months to 60 months from the granting of Restricted Shares	25.71	50.65	24.94	0	116,800	0	0	116,800
The four highest paid individuals (combined)	26 April 2022	24 months to 60 months from the granting of Restricted Shares	25.71	50.65	24.94	0	201,600	0	0	201,600
Other grantees (combined)	26 April 2022	24 months to 60 months from the granting of Restricted Shares	25.71	50.65	24.94	0	3,964,000	0	0	3,964,000

The Unlocking Period shall be 24 months to 60 months from the granting of Restricted Shares. Where the conditions for unlocking as required by the Scheme are fulfilled within the Unlocking Period, the Restricted Shares granted shall be unlocked in three tranches.

Unlocking arrangement	Unlocking time	Unlocking proportion
Unlocking Period for the first tranche	From the first trading day after 24 months from the Grant Date to the last trading day for 36 months	33%
Unlocking Period for the second tranche	From the first trading day after 36 months from the Grant Date to the last trading day for 48 months	33%
Unlocking Period for the third tranche	From the first trading day after 48 months from the Grant Date to the last trading day for 60 months	34%

Details of the change in the number of Restricted Shares granted under the Restricted Share Incentive Scheme and related fair values are set out in note 29 to the Condensed Consolidated Financial Statements.

The Restricted Share Incentive Scheme was adopted before the effective date of the new Chapter 17 of the Listing Rules. The Company will comply with the new Chapter 17 to the extent required by the transitional arrangements for the existing share schemes.

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 2022, 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 2022.

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 2022, 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 2022.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2022, 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 2022.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

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

Connected Transactions and Continuing Connected Transactions

1. *2021 Property Leasing Agreements*

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

After the effective date of the property leasing agreement entered into with Poly Developments and Holdings, Poly Business Commercial Property was required to pay the rent of approximately RMB808 million under lump sum basis. The aggregate amount of the remaining rent for the lease term is approximately RMB149 million, payable in instalments over a period of three years. After the effective date of the property leasing agreement entered into with Guangzhou Ruichi, Poly Business Commercial Property was required to pay the rent of approximately RMB47 million under lump sum basis. The aggregate amount of the remaining rent for the lease term is approximately RMB11 million, payable in instalments over a period of three years.

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

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

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

For the year ended 31 December 2022, the remaining rent paid by Poly Business Commercial Property to Poly Developments and Holdings and Guangzhou Ruichi pursuant to the 2021 Property Leasing Agreements amounted to RMB62.7 million, which did not exceed RMB63 million, the annual cap for 2022.

For the year ended 31 December 2022, the shared rent received by Poly Business Commercial Property from Poly Developments and Holdings and its associates pursuant to the 2021 Property Leasing Agreements amounted to RMB69.4 million, which did not exceed RMB127 million, the annual cap for 2022.

2. *2022 Property Leasing Agreement*

On 31 December 2021, Poly Business Commercial Property, a wholly-owned subsidiary of our Company, as lessee, entered into a property leasing agreement ("**2022 Property Leasing Agreement**") with Poly Developments and Holdings, as landlord, to renew the connected transactions related to Poly Zhongke Plaza (the "**Subject Property**") under the property leasing agreement entered into by both on 16 October 2020. 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 Property and will rent properties in the Subject Property for their own use, Poly Business Commercial Property will become the lessor of such reserved and newly rented properties upon signing the 2022 Property Leasing Agreement with a lease term from 1 January 2022 to 31 December 2031.

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

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

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

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

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

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

For the year ended 31 December 2022, the shared rent received by Poly Business Commercial Property from Poly Developments and Holdings and its associates pursuant to the 2022 Property Leasing Agreements amounted to RMB13.56 million, which did not exceed RMB17.91 million, the annual cap for 2022.

CONTINUING CONNECTED TRANSACTIONS

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

Trademark Licencing Agreements

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

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

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

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

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

1. *2021 to 2023 Property Leasing Framework Agreement*

On 24 March 2021, our Company entered into a property leasing framework agreement ("**the 2021 to 2023 Property Leasing Framework Agreement**") with Poly Developments and Holdings. Pursuant to the 2021 to 2023 Property Leasing Framework Agreement, the Company will lease properties owned by Poly Developments and Holdings and its associates with a term from 24 March 2021 to 31 December 2023. Pursuant to the 2021 to 2023 Property Leasing Framework Agreement, the subsidiaries and associates of both parties will enter into separate leasing agreements, which will set out specific terms and conditions. Our Directors estimate that the annual caps for leasing fees to be incurred for each of the three years ending 31 December 2023 will not exceed RMB21.5 million, RMB25.8 million and RMB31.0 million, respectively.

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

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

For the year ended 31 December 2022, the leasing fee for the properties leased by the Group from Poly Developments and Holdings and its associates amounted to RMB24.9 million, which did not exceed RMB25.8 million, the annual cap for 2022.

2. *2021 to 2023 Hardware Procurement and Maintenance Services Framework Agreement*

On 24 March 2021, our Company entered into a hardware procurement and maintenance services framework agreement (the "**2021 to 2023 Hardware Procurement and Maintenance Services Framework Agreement**") with Poly Developments and Holdings. Pursuant to the 2021 to 2023 Hardware Procurement and Maintenance Services Framework Agreement, the Company 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 24 March 2021 to 31 December 2023. Pursuant to the 2021 to 2023 Hardware Procurement and Maintenance Services Framework Agreement, the subsidiaries and associates of both parties will enter into separate hardware procurement and maintenance services agreements, which will set out specific terms and conditions. Our Directors estimate that the annual caps for fees to be incurred for the hardware procurement and maintenance services for each of the three years ending 31 December 2023 will not exceed RMB20.0 million.

Poly Developments and Holdings is one of our controlling Shareholders, and is therefore a connected person of the Company under the Listing Rules. As the highest applicable percentage ratio 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 is more than 0.1%, but less than 5%, such transaction is exempt from the independent shareholders' approval requirement but shall be subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

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

For the year ended 31 December 2022, the fee for the hardware and hardware maintenance services procured by the Group from Poly Developments and Holdings and its associates amounted to RMB0.3 million, which did not exceed RMB20.0 million, the annual cap for 2022.

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

1. *2021 to 2023 Property Management Services Framework Agreements*

On 24 March 2021, our Company entered into a property management services framework agreement (collectively the "**2021 to 2023 Property Management Services Framework Agreements**") with each of Poly Developments and Holdings, 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 would provide property management services to Poly Developments and Holdings, Poly Southern, Guangdong Poly Auction (and its subsidiaries) and Poly Changda Overseas (and its subsidiaries), respectively, with a term from the date such agreements were approved by the independent shareholders at the extraordinary general meeting (28 May 2021) to 31 December 2023. Pursuant to the 2021 to 2023 Property Management Services Framework Agreements, the subsidiaries and associates of both parties will enter into separate property management services agreements, which will set out specific terms and conditions. Our Directors estimate that the annual caps for property management fees to be generated under the 2021 to 2023 Property Management Services Framework Agreements for each of the three years ending 31 December 2023 will not exceed RMB243.9 million, RMB329.3 million and RMB444.5 million, respectively.

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

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

For the year ended 31 December 2022, 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 RMB202.5 million, which did not exceed RMB329.3 million, the annual cap for 2022.

2. *2021 to 2023 Pre-delivery Services Framework Agreement*

On 24 March 2021, our Company entered into a pre-delivery services framework agreement ("**the 2021 to 2023 Pre-delivery Services Framework Agreement**") with Poly Developments and Holdings. Pursuant to the 2021 to 2023 Pre-delivery Services 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 date the 2021 to 2023 Pre-delivery Services Framework Agreement was approved by the independent shareholders at the extraordinary general meeting (28 May 2021) to 31 December 2023. Pursuant to the 2021 to 2023 Pre-delivery Services Framework Agreement, the subsidiaries and associates of both parties will enter into separate pre-delivery services agreements, which will set out specific terms and conditions. Our Directors estimate that the annual caps for Pre-delivery Services fees to be generated under the 2021 to 2023 Pre-delivery Services Framework Agreement for each of the three years ending 31 December 2023 will not exceed RMB1,073.4 million, RMB1,341.7 million and RMB1,677.1 million, respectively.

Poly Developments and Holdings is one of our controlling Shareholders, and is therefore a connected person of the Company under the Listing Rules. As the highest applicable percentage ratio 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 is more than 5%, such transaction shall be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

For the year ended 31 December 2022, the service fees generated from the provision of Pre-delivery Services by the Group to Poly Developments and Holdings and its associates amounted to RMB1,108.1 million, which did not exceed RMB1,341.7 million, the annual cap for 2022.

3. *2021-2023 Other Value-added Services Framework Agreement*

On 24 March 2021, our Company entered into an other value-added services framework agreement ("**the 2021-2023 Other Value-added Services Framework Agreement**") with Poly Developments and Holdings. Pursuant to the 2021-2023 Other Value-added Services 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 date the 2021 to 2023 Other Value-added Services Framework Agreement was approved by the independent shareholders at the extraordinary general meeting (28 May 2021) to 31 December 2023. Pursuant to the 2021 to 2023 Other Value-added Services Framework Agreement, the subsidiaries and associates of both parties will enter into other value-added services agreements, which will set out specific terms and conditions. Our Directors estimate that the annual caps for service fees to be generated under the 2021 to 2023 Other Value-added Services Framework Agreement for each of the three years ending 31 December 2023 will not exceed RMB550.9 million, RMB716.1 million and RMB931.0 million, respectively.

Poly Developments and Holdings is one of our controlling Shareholders, and is therefore a connected person of the Company under the Listing Rules. As the highest applicable percentage ratio 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 is more than 5%, such transaction shall be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

For the year ended 31 December 2022, 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 RMB598.1 million, which did not exceed RMB716.1 million, the annual cap for 2022.

4. *2020 to 2022 Deposit Service Framework Agreement*

On 7 April 2020, our Company entered into a deposit service framework agreement ("**Deposit Service Framework Agreement**") with Poly Finance Company Limited (保利財務有限公司) ("**Poly Finance**"), pursuant to which Poly Finance would provide deposit services to our Group, with a term from the date of 2019 annual general meeting (23 June 2020) to 31 December 2022. According to the Deposit Service Framework Agreement, the Company may deposit funds into Poly Finance from time to time. The terms, including interest rates and other important terms, provided by Poly Finance should be comparable with those provided by Chinese banks or other financial institutions for the same type and terms/interests. The Group and Poly Finance will monitor the Group's deposits from time to time.

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

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

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

For the year ended 31 December 2022, the maximum daily deposit balance (including paid interests) deposited by the Group with Poly Finance amounted to RMB1,982.2 million, which did not exceed RMB2,030.0 million, the annual cap for 2022.

5. 2023 to 2025 Deposit Service Framework Agreement

On 4 November 2022, our Company entered into a deposit service framework agreement ("**2023 to 2025 Deposit Service Framework Agreement**") with Poly Finance, pursuant to which Poly Finance would provide deposit services to our Group, with a term from 1 January 2023 to 31 December 2025. According to the 2023 to 2025 Deposit Service Framework Agreement, the Company may deposit funds into Poly Finance from time to time. The terms, including interest rates and other important terms, provided by Poly Finance should be comparable with those provided by Chinese banks or other financial institutions for the same type and terms/interests. The Group and Poly Finance will monitor the Group's deposits from time to time.

The maximum daily balance of deposits (including interests paid thereon) that may be placed with Poly Finance for each of the three years ended 31 December 2023, 2024 and 2025 shall be capped at RMB2,030.0 million.

As Poly Finance is an associate of China Poly Group, and China Poly Group is a connected person of the Company under the Listing Rules, Poly Finance is therefore a connected person of the Company under the Listing Rules. As the highest applicable percentage ratio under the Listing Rules in respect of the daily caps for the deposit balances under the 2023 to 2025 Deposit Service Framework Agreement is more than 5%, the transactions under the 2023 to 2025 Deposit Service Framework Agreement shall be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For details, please refer to the announcement dated 4 November 2022 and the circular dated 14 December 2022 of the Company.

6. Parking Space Leasing and Sales Agency Services Framework Agreement (Phase I)

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

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

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

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

For the year ended 31 December 2022, the maximum daily balance of the deposit paid by the Group to Poly Developments and Holdings and its associates pursuant to Parking Space Leasing and Sales Agency Services Framework Agreement (Phase I) amounted to RMB3,000 million, which did not exceed RMB3,000 million, the annual cap for 2022.

For the year ended 31 December 2022, the agency services fee received by the Group from Poly Developments and Holdings and its associates pursuant to Parking Space Leasing and Sales Agency Services Framework Agreement (Phase I) amounted to RMB290.2 million, which did not exceed RMB750 million, the annual cap for 2022.

7. *Parking Space Leasing and Sales Agency Services Framework Agreement (Phase II)*

To meet the business needs for continuing development, on 16 November 2022, our Company entered into the Parking Space Leasing and Sales Agency Services Framework Agreement (Phase II) with Poly Developments and Holdings, with a term of three years from the date of consideration and approval at the extraordinary general meeting (19 December 2022). Pursuant to the agreement, the Group will provide exclusive parking space sales and leasing agency services in respect of the target parking spaces to Poly Developments and Holdings and its associates, to facilitate the sales and leasing activities of parking space properties. The Group is required to pay refundable deposits to Poly Developments and Holdings and its associates, and, at the same time, to receive agency service fees from Poly Developments and Holdings and its associates.

The Board estimates that the maximum balances of the deposits paid by the Group to Poly Developments and Holdings and its associates at any time during each of the year ending 31 December 2022, 31 December 2023 and 31 December 2024, and the period ending 28 December 2025 shall be capped at RMB2,000 million; the annual caps of agency service fees receivable by the Company for the years and period will not exceed RMB50 million, RMB600 million, RMB600 million and RMB600 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 in respect of the value of annual caps for the deposit expense portion and the agency service fees income portion under the Parking Space Agency Framework Agreement (Phase II) are both higher than 5%, the Company shall be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. On 16 July 2021, the Company entered into the Parking Space Agency Framework Agreement (Phase I) with Poly Developments and Holdings. As (i) the highest applicable percentage ratio, if calculated on an aggregated basis, in respect of the Annual Caps under the Parking Space Agency Framework Agreement (Phase II) together with the Parking Space Agency Framework Agreement (Phase I) are higher than 25% but lower than 100%; and (ii) the Parking Space Agency Framework Agreement (Phase I) constituted a major transaction and continuing connected transactions of the Company and had complied with the reporting, announcement, annual review and Independent Shareholders' approval requirements, accordingly, pursuant to Chapter 14 of the Listing Rules, the Parking Space Agency Framework Agreement (Phase II) also constitutes a discloseable transaction of the Company, the Company is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

The Parking Space Leasing and Sales Agency Services Framework Agreement (Phase II) and the transactions contemplated under the agreement were approved by the independent shareholders of the Company at the extraordinary general meeting held on 19 December 2022. For details, please refer to the announcement dated 16 November 2022 and the circular dated 14 December 2022 of the Company.

For the year ended 31 December 2022, the maximum daily balance of the deposit paid by the Group to Poly Developments and Holdings and its associates pursuant to Parking Space Leasing and Sales Agency Services Framework Agreement (Phase II) amounted to RMB nil, which did not exceed RMB2,000 million, the annual cap for 2022.

For the year ended 31 December 2022, the agency services fee received by the Group from Poly Developments and Holdings and its associates pursuant to Parking Space Leasing and Sales Agency Services Framework Agreement (Phase II) amounted to RMB nil, which did not exceed RMB50 million, the annual cap for 2022.

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

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

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

(2) on normal commercial terms or better; and

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

REVIEW AND APPROVAL OF CONTINUING CONNECTED TRANSACTIONS BY AUDITORS

In accordance with Rule 14A.56 of the Listing Rules, the Company's external auditor, Baker Tilly Hong Kong Limited, was engaged to report on the Group's continuing connected transactions. The auditor has issued a unqualified letter containing the findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 67 to 76 of this annual report in accordance with Rule 14A.56 of the Listing Rules. The unqualified conclusion of the auditor is set out below:

(1) nothing has come to their attention that causes them 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 goods or services by the Group, nothing has come to their attention that causes them 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 them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(4) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to their attention that causes them 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 2022 are set out in note 36 to the consolidated financial statements. Certain items in note 36 to the consolidated financial statements also constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules, details of which have been disclosed above.

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group had 43,433 employees (as at 31 December 2021: 44,415 employees). For the year ended 31 December 2022, the total staff costs were approximately RMB4,677.1 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 recruitment and provides employees with continuous training programmes and career development opportunities. In line with the strategy and organisational upgrade of the Company, an annual recruitment campaign for key positions named "Tiger Seeking Action", an internal recruitment campaign for "chief level" personnel, and talent recruitment for new business of industrial partners, are conducted to attract high-calibre management and professional talents. Actively respond to the employment stabilisation policy of the state, the Group empowers the employment campaign for graduates, and promote high-quality employment of college graduates. The Group continues to refine the talent cultivation system by targeting key talent teams, focuses on promoting the leadership development program named "Galaxy Commander" and the professional talent improvement program named "StarLight Professional Talents" for public service and commercial field, to establish the "teach, assist and guide" mechanism for management trainees named "Star Generation", to upgrade the training system in order to provide training at full coverage for the Company's management, professionals and new staff, and to strengthen the construction of talent echelon. This is also to shape the benchmark of the "Star" culture and promote the growth and career development of employees.

EVENTS AFTER THE REPORTING DATE

The important events occurred since the year ended 31 December 2022 are disclosed in note 37 to the consolidated financial statements in this annual report.

MATERIAL LITIGATION

During the year ended 31 December 2022, 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. The consolidated financial statements for the year ended 31 December 2022 have been audited by Baker Tilly Hong Kong Limited, Certified Public Accountants, who will be subject to nomination for re-appointment at the forthcoming annual general meeting.

BDO China SHU LUN PAN Certified Public Accountants LLP (立信會計師事務所（特殊普通合夥）) and BDO Limited (香港立信德豪會計師事務所有限公司) have tendered their resignations to the Board as the domestic and overseas auditors of the Company for the year 2022, respectively, with effect from 4 November 2022. Baker Tilly China Certified Public Accountants (天職國際會計師事務所（特殊普通合夥）) and Baker Tilly Hong Kong Limited (天職香港會計師事務所有限公司) have been appointed as the new domestic and overseas auditors of the Company, respectively, with effect from 4 November 2022, to fill the casual vacancies following the resignation of BDO China SHU LUN PAN Certified Public Accountants LLP and BDO Limited.

Except for the above, there has been no change in auditors of the Company in the past three years.

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 2022, 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 2022.

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 2022, 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 2022 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.
Wu Lanyu
Chairman of the Board and Executive Director

Guangzhou, the PRC, 29 March 2023

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 2022.

During 2022, 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 2022, 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 2022 and up to the date of this report include:

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

MAJOR WORK OF THE SUPERVISORY COMMITTEE IN 2022

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

During the reporting period, the Company has convened six 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 (Chairman)	Shareholder Representative Supervisor	6/6	100%
Zhong Yu	Shareholder Representative Supervisor	6/6	100%
Mu Jing	Employee Representative Supervisor	6/6	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.

REPORT OF THE SUPERVISORY COMMITTEE

Evaluation on operating behaviours of the Board and the senior management in 2022

During 2022, 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 2022, 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 2022 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 2022, 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 2023

In 2023, 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 2023.

bakertilly
天職國際

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

OPINION

We have audited the consolidated financial statements of Poly Property Services Co., Ltd. (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 88 to 187, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement 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 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") 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.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of trade receivables	
As at 31 December 2022, the carrying amount of the trade receivables amounted to RMB2,263,176,000 (net of impairment losses of amounted to RMB90,865,000), which represented approximately 17% of total assets of the Group. The management of the Group estimates the amount of lifetime expected credit losses ("**ECLs**") of trade receivables based on provision matrix through grouping of various debtors that have similar loss patterns, after considering repayment history and/or past due status of respective trade receivables arising from contracts with customers. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. We identified the impairment assessment of trade receivables arising from contracts with customers as a key audit matter due to the significance of trade receivables to the Group's consolidated financial position and the involvement of subjective judgement and management estimates in evaluating the ECL of the Group's trade receivables arising from contracts with customers at the end of the reporting period. The related disclosures are disclosed in notes 3, 4, 19 and 33.2 to the consolidated financial statements.	Our procedures in relation to impairment assessment on trade receivables included: • Obtaining an understanding and evaluating the design, implementation and operating effectiveness of the key controls which govern credit control, debt collection and estimates of expected credit losses; • Obtaining an understanding of the assumptions and key data of the expected credit loss model adopted by the management, including the basis of the groupings of various customers with similar loss pattern and assessed whether trade receivables were appropriately categorised in the ageing report by comparing a sample of individual items with the underlying sales invoices and other relevant documents; and • Assessing the reasonableness of management's expected credit loss allowances by examining the information used by management to form such judgements and estimates, including checking the accuracy of the historical default information, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by another independent auditor whose report dated 15 March 2022 expressed an unmodified opinion on those consolidated financial statements.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all the information included in the annual report other than 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.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRSs 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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 solely to you, as a body, in accordance with our agreed terms of 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 those charged with governance 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 those charged with governance 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, action taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, 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.

The engagement director on the audit resulting in this independent auditor's report is Wan Wing Ping.

Baker Tilly Hong Kong Limited
Certified Public Accountants

Wan Wing Ping
Practising certificate number P07471
Hong Kong, 29 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
Revenue	6	**13,686,662**	10,782,549
Cost of services		**(11,112,818)**	(8,767,909)
Gross profit		**2,573,844**	2,014,640
Other income and other gains and losses, net	7	**163,996**	153,909
Selling and marketing expenses		**(6,370)**	(9,460)
Administrative expenses		**(1,207,019)**	(1,006,025)
Other expenses		**(1,661)**	(1,979)
Share of results of associates and joint venture	16	**(4,803)**	21,915
Finance costs	8	**(4,629)**	(10,563)
Profit before tax	8	**1,513,358**	1,162,437
Income tax expense	9	**(380,009)**	(291,553)
Profit for the year		**1,133,349**	870,884
Profits for the year attributable to:			
— Owners of the Company		**1,112,933**	845,693
— Non-controlling interests		**20,416**	25,191
		1,133,349	870,884
Other comprehensive income, net of tax			
Item that will not be reclassified to profit or loss:			
Fair value gain on equity instruments at fair value through other comprehensive income		**—**	7,000
Other comprehensive income for the year, net of tax		**—**	7,000
Total comprehensive income for the year		**1,133,349**	877,884
Total comprehensive income for the year attributable to:			
— Owners of the Company		**1,112,933**	852,693
— Non-controlling interests		**20,416**	25,191
		1,133,349	877,884
Earnings per share (expressed in RMB per share)			
Basic and diluted	11	**2.01**	1.53

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
Non-current assets			
Property, plant and equipment	13	**218,873**	199,506
Leased assets and investment properties	14	**512,476**	704,039
Intangible assets	15	**114,783**	125,126
Interests in associates and joint venture	16	**68,182**	72,985
Financial assets at fair value through other comprehensive income	17	**12,000**	12,000
Prepayments for property, plant and equipment	20	**10,884**	13,327
Deferred tax assets	26	**39,409**	20,372
		976,607	1,147,355
Current assets			
Inventories	18	**40,408**	50,559
Trade and bills receivables	19	**2,263,249**	1,424,778
Prepayments, deposits and other receivables	20	**872,957**	824,659
Cash and cash equivalents	21	**8,956,316**	7,690,572
		12,132,930	9,990,568
Current liabilities			
Trade payables	22	**1,574,871**	803,640
Accruals and other payables	23	**1,988,900**	1,780,840
Contract liabilities	24	**1,429,000**	1,381,095
Lease liabilities	25	**38,294**	35,851
Income tax payable		**153,997**	134,736
		5,185,062	4,136,162
Net current assets		**6,947,868**	5,854,406
Total assets less current liabilities		**7,924,475**	7,001,761

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
Non-current liabilities			
Lease liabilities	25	**68,921**	78,741
Deferred tax liabilities	26	**10,725**	12,921
Other financial liabilities	27	**—**	21,337
		79,646	112,999
Net assets		**7,844,829**	6,888,762
Capital and reserves			
Share capital	28	**553,333**	553,333
Reserves		**7,137,291**	6,232,333
Equity attributable to owners of the Company		**7,690,624**	6,785,666
Non-controlling interests		**154,205**	103,096
Total equity		**7,844,829**	6,888,762

The consolidated financial statements on pages 88 to 187 were approved and authorised for issue by the board of directors on 29 March 2023 and are signed on its behalf by:

Wu Lanyu
Director

Huang Hai
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000 (Note (a))	Shares held under the restricted share incentive scheme RMB'000 (Note 29)	Capital reserve RMB'000	Statutory reserve RMB'000 (Note (b))	Fair value reserve RMB'000 (Note (c))	Share-based payments reserve RMB'000 (Note 29)	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2021	553,333	4,535,479	—	5,594	148,795	3,500	—	924,205	6,170,906	75,873	6,246,779
Profit for the year	—	—	—	—	—	—	—	845,693	845,693	25,191	870,884
Other comprehensive income, net of tax											
— Change in fair value of equity instruments at fair value through other comprehensive income	—	—	—	—	—	7,000	—	—	7,000	—	7,000
Total comprehensive income for the year	—	—	—	—	—	7,000	—	845,693	852,693	25,191	877,884
Contributions from non-controlling interests	—	—	—	—	—	—	—	—	—	4,410	4,410
Appropriation of statutory reserve	—	—	—	—	73,745	—	—	(73,745)	—	—	—
Dividends declared to the non-controlling interests of subsidiaries	—	—	—	—	—	—	—	—	—	(2,378)	(2,378)
Dividend recognised as distribution (Note 10)	—	—	—	—	—	—	—	(237,933)	(237,933)	—	(237,933)
At 31 December 2021 and 1 January 2022	**553,333**	**4,535,479**	**—**	**5,594**	**222,540**	**10,500**	**—**	**1,458,220**	**6,785,666**	**103,096**	**6,888,762**
Profit and total comprehensive income for the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1,112,933**	**1,112,933**	**20,416**	**1,133,349**
Contributions from non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**19,411**	**19,411**
Appropriation of statutory reserve	**—**	**—**	**—**	**—**	**54,127**	**—**	**—**	**(54,127)**	**—**	**—**	**—**
Purchase of own shares under the restricted share incentive scheme (Note 29)	**—**	**—**	**(45,912)**	**—**	**—**	**—**	**—**	**—**	**(45,912)**	**—**	**(45,912)**
Recognition of equity-settled share-based payments	**—**	**—**	**—**	**—**	**—**	**—**	**21,316**	**—**	**21,316**	**—**	**21,316**
Dividends declared to the non-controlling interests of subsidiaries	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(3,330)**	**(3,330)**
Dividend recognised as distribution (Note 10)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(168,767)**	**(168,767)**	**—**	**(168,767)**
Others	**—**	**—**	**—**	**(14,612)**	**—**	**—**	**—**	**—**	**(14,612)**	**14,612**	**—**
At 31 December 2022	**553,333**	**4,535,479**	**(45,912)**	**(9,018)**	**276,667**	**10,500**	**21,316**	**2,348,259**	**7,690,624**	**154,205**	**7,844,829**

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 reserve represented the amount transferred from net profit for the year of the subsidiaries established in the People's Republic of China (the "**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 reserve represented the cumulative net change in the financial assets at fair value through other comprehensive income held at the end of each year and is dealt with in accordance with the accounting policy set out in note 3.21.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
Operating activities			
Cash generated from operations	34	**1,860,885**	1,721,532
Income tax paid		**(381,981)**	(261,726)
Interest paid		**(4,629)**	(10,563)
Net cash generated from operating activities		**1,474,275**	1,449,243
Investing activities			
Net cash outflow on acquisition of a subsidiary in prior years		**(4,052)**	(19,394)
Purchases of property, plant and equipment		**(74,099)**	(78,284)
Purchases of leased assets and other investment properties		**(94,690)**	(855,208)
Payments for acquisition of associates		**—**	(7,350)
Proceeds on disposal of property, plant and equipment		**1,667**	413
Interest received		**73,335**	101,520
Net cash used in investing activities		**(97,839)**	(858,303)
Financing activities			
Dividends paid to owners of the Company		**(168,767)**	(237,933)
Dividends paid to non-controlling interests		**(3,330)**	(2,378)
Received from restricted share incentive scheme	29	**94,797**	—
Repayments of lease liabilities		**(33,814)**	(103,905)
Purchase of shares under restricted share incentive scheme		**(45,912)**	—
Contributions from non-controlling interests		**19,411**	4,410
Net cash used in financing activities		**(137,615)**	(339,806)
Net increase in cash and cash equivalents		**1,238,821**	251,134
Cash and cash equivalents at beginning of the year		**7,690,572**	7,448,102
Effect of exchange rate changes on cash and cash equivalents		**26,923**	(8,664)
Cash and cash equivalents at end of the year		**8,956,316**	7,690,572

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Poly Property Services Co., Ltd. (the "**Company**") was incorporated in The People's Republic of China (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 48-49/F, Poly Plaza, 832 Yue Jiang Zong Road, Hai Zhu District, Guangdong, 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 on 19 December 2019.

The Company's immediate holding 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 Company's ultimate holding company is China Poly Group Corporation Limited ("**China Poly Group**"), a state-owned enterprise established in the PRC.

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

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

2 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

2.1 Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

2.2 New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1	Non-current Liabilities with Covenants[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

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

2 Effective for annual periods beginning on or after a date to be determined.

3 Effective for annual periods beginning on or after 1 January 2024.

The Group anticipates that the application of new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. 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 ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment ("**HKFRS 2**"), leasing transactions that are accounted for in accordance with HKFRS 16 Lease ("**HKFRS 16**"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets ("**HKAS 36**").

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Basis of consolidation (Continued)

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3.2.1 Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and 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 carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments ("**HKFRS 9**") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses, other than business combination under common control, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

For business combinations in which the acquisition date is on or after 1 January 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the "**Conceptual Framework**") except for transactions and events within the scope of HKAS 37 Provisions, Contingent Liabilities and Contingent Assets ("**HKFRS 37**") or HK(IFRIC)-Int 21 Levies ("**HK(IFRIC)-Int 21**"), in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Business combinations (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

3.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Goodwill (Continued)

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

3.5 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Investments in associates and joint ventures (Continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

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 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Revenue from contracts with customers (Continued)

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

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. Further details of the Group's revenue recognition policies are as follows:

(a) *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.

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.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Revenue from contracts with customers (Continued)

Principal versus agent (Continued)

(a) *Property management services (Continued)*

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.

(b) *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.

(c) *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.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building component, unless such allocation cannot be made reliably.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

The Group presents right-of-use assets for own use that do not meet the definition of investment property as "Right-of-use assets – leased properties" within "Property, plant and equipment", the same line item within which the corresponding underlying assets would be presented if they were owned. Right-of-use assets that meet the definition of investment property are presented as "Leased assets" within "Leased assets and investment properties".

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Leases (Continued)

The Group as a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Leases (Continued)

The Group as a lessor (Continued)

Classification and measurement of leases (Continued)

Rental income from operating leases is recognised in profit or loss 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 except for investment properties measured under fair value model.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 Revenue from Contracts with Customers to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Leases (Continued)

The Group as a lessor (Continued)

Lease modification (Continued)

For rent concession under which the Group legally releases the lessee from its obligation to make specifically identified lease payment, of which some of these lease payments are contractually due but not paid and some of them are not yet contractually due, the Group accounts for the portions which have been recognised as operating lease receivables (i.e. the lease payments which are contractually due but not paid) by applying the ECL and derecognition requirements under HKFRS 9 and applies lease modification requirements for the forgiven lease payments that the Group has not recognised (i.e. the lease payments which are not yet contractually due) as at the effective date of modification.

3.8 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. 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 retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

3.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3.11 Employee benefits

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.

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 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Share-based payments

Equity-settled share-based payment transactions

Shares granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For shares that vest immediately at the date of grant, the fair value of the shares granted is expensed immediately to profit or loss.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to capital reserve.

3.13 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.15 Investment properties

Investment properties are properties held to earn rentals and/or for capital.

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, 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 investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Investment properties (Continued)

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. 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.

3.16 Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.17 Impairment of property, plant and equipment (including right-of-use assets other than those classified as investment properties) and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment (including right-of-use assets other than those classified as investment properties) and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment (including right-of-use assets other than those classified as investment properties) and intangible assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.17 Impairment of property, plant and equipment (including right-of-use assets other than those classified as investment properties) and intangible assets other than goodwill (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.18 Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

3.19 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

3.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.21 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.21 Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations ("**HKFRS 3**") applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.21 Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Equity instruments designated as at FVTOCI (Continued)

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "Other income and other gains and losses, net" line item in profit or loss.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade and bill receivables, deposits and other receivables and cash and cash equivalents) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.21 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) 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 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.21 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.21 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward-looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and bill receivables and deposits and other receivables where the corresponding adjustment is recognised through a loss allowance account.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.21 Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments 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 the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.21 Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which HKFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

Financial liabilities at amortised cost

Financial liabilities including trade payables, accruals and other payable and lease liabilities are subsequently measured at amortised cost, using the effective interest method.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.21 Financial instruments (Continued)

Financial liabilities and equity (Continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.22 Related parties

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

(i) has control or joint control of 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 employees of either the Group or an entity related to the Group;

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

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

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

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

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.23 Comparatives

Certain comparative figures have been reclassified in order to conform to the current year's presentation.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company 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. The key sources of estimation uncertainty are as follows:

(i) Useful lives of property, plant and equipment

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

(ii) Provision of ECL for trade and other receivables

The Group uses internal credit ratings or provision matrix to calculate ECL for the trade and other receivables.

The provision rates are based on nature of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort.

At the end of each reporting period, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade and other receivables are disclosed in note 33.2(b).

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(iii) Deferred tax assets

As at 31 December 2022, a deferred tax asset of RMB31,504,000 (2021: RMB20,372,000) in relation to impairment loss on trade and bills receivables and impairment loss on deposits and other receivables has been recognised in the consolidated statement of financial position. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, taxable profits estimation, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

(iv) Fair value measurement of financial instruments

At 31 December 2022, certain of the Group's financial assets, unquoted equity instruments, amounting to RMB12,000,000 (2021: RMB12,000,000) are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. Relevant information about the utilisation of valuation techniques and input in the process of determining the fair value is disclosed in note 33.3.

(v) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

As at 31 December 2022, the carrying amount of goodwill is RMB64,897,000 (2021: RMB64,897,000). Details of the recoverable amount calculation are disclosed in note 15.

5 SEGMENT INFORMATION

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

The Group operates in the provision of property management services, value-added service to non-property owner and community value-added services and the CODM of the Company regards that there is only one segment which is used to make strategic decisions. Accordingly, no other discrete financial information is provided other than the Group's results and financial position as a whole and only entity-wide disclosures, major customers and geographic information are presented.

Geographical information

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 2022 and 2021.

As at 31 December 2022 and 2021, all of the non-current assets were located in the PRC.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2022 **RMB'000**	2021 RMB'000
Poly Developments and Holdings and its subsidiaries (collectively referred to as "**Poly Developments and Holdings Group**")	**1,996,314**	1,507,396

6 REVENUE

Revenue mainly comprises of proceeds from property management services, value-added services to non-property owners and community value-added services. The disaggregation of the Group's revenue by category for the years ended 31 December 2022 and 2021 was as follows:

	2022 RMB'000	2021 RMB'000
Types of goods or services		
Property management services	**8,428,388**	6,670,397
Value-added services to non-property owner		
— Pre-delivery services and other value-added services to non-property owner	**1,787,099**	1,506,387
Community value-added services	**3,063,633**	2,300,921
Revenue from contracts with customers	**13,279,120**	10,477,705
Value-added services to non-property owner		
— Rental income	**407,542**	304,844
Total	**13,686,662**	10,782,549

	2022 RMB'000	2021 RMB'000
Timing of revenue recognition		
Property management services		
— Over time	**8,428,388**	6,670,397
Value-added services to non-property owners		
— Over time	**1,787,099**	1,506,387
— Over the lease term	**407,542**	304,844
Community value-added services		
— Over time	**1,697,856**	1,506,489
— At a point in time	**1,365,777**	794,432
Total	**13,686,662**	10,782,549

7 OTHER INCOME AND OTHER GAINS AND LOSSES, NET

	2022 RMB'000	2021 RMB'000
Other income:		
Bank interest income	**66,724**	80,088
Other interest income (Note (a))	**13,182**	21,644
Government grants and tax incentives (Note (b))	**99,012**	81,552
Penalty income	**5,317**	2,277
Others	**180**	1,364
	184,415	186,925
Other gains and losses, net		
Gain on modification of lease contracts, net	**2**	8,942
Gain/(loss) on disposal of property, plant and equipment, net	**95**	(190)
Impairment loss on trade and bills receivables	**(31,442)**	(22,765)
Impairment loss on deposits and other receivables	**(14,825)**	(7,869)
Impairment loss on interests in an associate	**—**	(1,309)
Exchange gain/(loss), net	**27,103**	(8,872)
Change in fair value of consideration payable at FVTPL	**(1,352)**	(953)
	(20,419)	(33,016)
	163,996	153,909

Notes:

(a) Other interest income mainly represented the amounts due from a related party and deposits maintained with a fellow subsidiary of the Company, Poly Finance Company Limited ("**Poly Finance**").

(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 TAX

Profit before tax has been arrived at after charging the following:

	2022 **RMB'000**	2021 RMB'000
Depreciation of property, plant and equipment	**85,190**	70,527
Depreciation of leased assets and investment properties	**286,253**	240,653
Amortisation of intangible assets (including in "Cost of services")	**10,343**	11,011
	381,786	322,191
Auditor's remuneration (Note)		
— Audit services	**2,760**	2,460
— Non-audit services	**–**	532
	2,760	2,992
Finance costs — interest on lease liabilities	**4,629**	10,563
Cost of goods sold	**1,237,217**	726,265
Staff costs (including directors' emoluments (Note 12)):		
— Salaries and bonus	**3,998,311**	3,739,219
— Pension costs, housing funds, medical insurances and other social insurances	**657,486**	563,270
— Equity-settled share-based expenses	**21,316**	—
	4,677,113	4,302,489

Note: For the years ended 31 December 2022 and 2021, the amount only represents service fee provided by existing auditor.

9 INCOME TAX EXPENSE

Taxation in the consolidated statement of profit or loss and other comprehensive income

	2022 **RMB'000**	2021 RMB'000
Current tax:		
PRC Enterprise Income Tax ("**EIT**"):		
— Provision for the year	**388,998**	300,542
— Under-provision in respect of prior years	**12,244**	3,442
	401,242	303,984
Deferred tax (Note 26)	**(21,233)**	(12,431)
	380,009	291,553

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 2022 and 2021.

The PRC EIT represents tax charged on the estimated assessable profits arising in the PRC. In general, the Group's subsidiaries operating in the PRC are subject to PRC EIT rate of 25% (2021: 25%), except for certain subsidiaries which are entitled to preferential tax rates, as determined in accordance with the relevant tax rules and regulations in the PRC.

The tax charge for the year can be reconciled to the profit before tax as follows:

	2022 **RMB'000**	2021 RMB'000
Profit before tax	**1,513,358**	1,162,437
Tax at PRC EIT rate of 25% (2021: 25%)	**378,340**	290,609
Tax effect of share of results of associates and joint venture	**1,201**	(5,479)
Tax effect of expenses not deductible for tax purposes	**2,378**	25,593
Tax effect of income not taxable for tax purposes	**–**	(2,431)
Utilisation of tax losses previously not recognised	**(1,626)**	(1,371)
Tax effects of different tax rates applicable to different subsidiaries of the Group	**(13,136)**	(6,379)
Others	**608**	(12,431)
Under-provision in respect of prior years	**12,244**	3,442
Income tax expense	**380,009**	291,553

10 DIVIDENDS

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

During the year ended 31 December 2022, final dividend of RMB168,766,687 (tax inclusive) in respect of 2021 was declared and paid.

Subsequent to the end of the reporting period, the directors proposed an final dividend of RMB0.503 per share, total amounted to RMB278,326,700 (tax inclusive) (2021: final dividend in respect of RMB0.305 per share, total amount to RMB168,766,687 (tax inclusive)). The final dividend amount which shall be subject to the approval of the shareholders at the annual general meeting to be held on 17 May 2023 has not been recognised as a liability at the end of the reporting period.

11 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2022 **RMB'000**	2021 RMB'000
Earnings		
Profit attributable to owners of the Company	**1,112,933**	845,693

	2022 **'000**	2021 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share (Note)	**552,690**	553,333

Note: On 18 February 2022, the shareholders of the Company approved the adoption of a restricted share incentive scheme. During the year ended 31 December 2022, 1,070,600 shares were purchased by an independent trustee appointed by the Group from the secondary market (Note 29).

No diluted earnings per share has been presented as the Group did not have any dilutive potential ordinary shares outstanding during both years.

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

(a) Directors' and supervisors' emoluments

Details of directors' and supervisors' emoluments for the years, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, are as follows:

	Fees RMB'000	Salaries, allowance and benefit in kind RMB'000	Performance – based bonus RMB'000	Pension costs, housing funds, medical insurances and other social insurances RMB'000	Share-based payments RMB'000	Total RMB'000
Year ended 31 December 2022						
Directors						
Mr. Huang Hai	—	—	—	—	—	—
Mr. Liu Ping	—	—	—	—	—	—
Mr. Hu Zaixin	—	—	—	—	—	—
Ms. Wu Lanyu	—	922	1,716	125	584	3,347
Mr. Wang Xiaojun	150	—	—	—	—	150
Ms. Tan Yan	150	—	—	—	—	150
Mr. Zhang Liqing (Note (i))	95	—	—	—	—	95
Mr. Wang Peng (Note (ii))	—	—	—	—	—	—
Supervisors						
Ms. Liu Huiyan	—	—	—	—	—	—
Ms. Zhong Yu	—	350	400	53	—	803
Ms. Mu Jing	—	271	203	43	—	517
	395	1,543	2,319	221	584	5,062
Year ended 31 December 2021						
Directors						
Mr. Huang Hai	—	—	—	—	—	—
Mr. Liu Ping	—	—	—	—	—	—
Mr. Hu Zaixin	—	—	—	—	—	—
Ms. Wu Lanyu	—	931	2,204	120	—	3,255
Mr. Wang Xiaojun	150	—	—	—	—	150
Ms. Tan Yan	150	—	—	—	—	150
Mr. Wang Peng	—	—	—	—	—	—
Supervisors						
Ms. Liu Huiyan	—	—	—	—	—	—
Ms. Zhong Yu	—	414	435	51	—	900
Ms. Mu Jing	—	269	232	41	—	542
	300	1,614	2,871	212	—	4,997

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

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

Details of directors' and supervisors' emoluments for the years, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, are as follows: (Continued)

Notes:

(i) Appointed on 14 April 2022.

(ii) Removed on 14 April 2022.

(iii) No directors received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2022 and 2021.

The independent non-executive directors, Mr. Wang Peng did not receive any emoluments from the Group or the related parties of the Group for the year ended 31 December 2022 (2021: Nil). Except for those mentioned above, none of the Directors has waived or agreed to waive any emoluments for the years ended 31 December 2022 and 2021.

(b) Five highest paid individuals

The five highest paid individuals of the Group during the year included one (2021: one) director, details of whose remuneration are set out in note 12(a) above. Details of the remuneration for the year of the remaining four (2021: four) highest paid individuals who are neither a director nor supervisor of the Company are as follows:

	2022 **RMB'000**	2021 RMB'000
Salaries, allowance and benefit in kind	**2,216**	2,399
Performance-based bonus	**3,969**	5,166
Pension costs, housing funds, medical insurances and other social insurances	**446**	433
Equity-settled share-based expense	**1,009**	—
	7,640	7,998

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

(b) Five highest paid individuals (Continued)

The number of the highest paid individuals who are neither a director nor supervisor of the Company whose remuneration fell within the following bands is as follows:

	Number of individuals 2022	Number of individuals 2021
Emolument bands (in HK dollar)		
HKD2,000,001 to HKD2,500,000	**4**	3
HKD2,500,001 to HKD3,000,000	**—**	1
	4	4

Note: None of the above highest paid individuals who are neither a director nor supervisor of the Company received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2022 and 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets-leased properties RMB'000	Owned properties 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 2021	65,081	1,306	71,510	7,131	122,964	25,788	34,957	328,737
Additions	53,474	682	18,471	1,995	24,429	12,023	10,422	121,496
Lease modifications and disposals	(31,148)	—	(12,285)	(44)	(2,580)	(147)	(928)	(47,132)
At 31 December 2021 and 1 January 2022	87,407	1,988	77,696	9,082	144,813	37,664	44,451	403,101
Additions	30,108	355	16,238	5,702	15,812	27,702	10,733	106,650
Lease modifications and disposals	(8,822)	—	(12,505)	(15)	(4,148)	(1,898)	(2,053)	(29,441)
At 31 December 2022	108,693	2,343	81,429	14,769	156,477	63,468	53,131	480,310
DEPRECIATION								
At 1 January 2021	23,927	155	29,896	1,626	82,283	10,650	18,430	166,967
Provided for the year	21,361	622	12,751	1,404	20,696	7,040	6,653	70,527
Lease modifications and eliminated on disposals	(18,518)	—	(11,979)	(41)	(2,333)	(209)	(819)	(33,899)
At 31 December 2021 and 1 January 2022	26,770	777	30,668	2,989	100,646	17,481	24,264	203,595
Provided for the year	30,899	69	16,965	1,918	20,435	7,023	7,881	85,190
Lease modifications and eliminated on disposals	(8,391)	—	(12,505)	(15)	(3,925)	(1,467)	(1,045)	(27,348)
At 31 December 2022	49,278	846	35,128	4,892	117,156	23,037	31,100	261,437
NET CARRYING VALUE								
At 31 December 2022	59,415	1,497	46,301	9,877	39,321	40,431	22,031	218,873
At 31 December 2021	60,637	1,211	47,028	6,093	44,167	20,183	20,187	199,506

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment, after taking into account the residual values, are depreciated on a straight-line basis over their estimated useful lives.

Leased properties	Over the term of the lease
Owned properties	20–40 years
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

The Group as lessee

Right-of-use assets (included in the property, plant and equipment and leased assets and investment properties)

	2022 RMB'000	2021 RMB'000
Expense relating to short-term leases	**42,758**	48,367
Total cash outflow for leases	**174,051**	1,018,043

For both years, the Group leases various properties either as its office or for sub-leasing purpose. Property leases are made for fixed periods of one to ten years (2021: same). Lease terms are negotiated on an individual basis and contain various different terms and conditions. The lease agreements do not impose any covenants and leased assets may not be used as security for borrowing purposes. None of the leases include variable lease payment.

Extension options are included in a number of properties across the Group. Periods covered by extension options were included in these lease terms if the Group was reasonably certain to exercise the options.

As at 31 December 2022 and 2021, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

The owned properties are held for own use and situated in the PRC.

At 31 December 2022 and 2021, no property, plant and equipment was pledged.

14 LEASED ASSETS AND INVESTMENT PROPERTIES

	Leased assets RMB'000	Other investment properties RMB'000	Total RMB'000
COST			
At 1 January 2021	200,423	18,078	218,501
Additions	812,838	—	812,838
Lease modifications	(159,018)	—	(159,018)
At 31 December 2021 and 1 January 2022	854,243	18,078	872,321
Additions	92,214	2,476	94,690
At 31 December 2022	946,457	20,554	967,011
DEPRECIATION			
At 1 January 2021	34,916	3,182	38,098
Provided for the year	240,074	579	240,653
Lease modifications	(110,469)	—	(110,469)
At 31 December 2021 and 1 January 2022	164,521	3,761	168,282
Provided for the year	285,655	598	286,253
At 31 December 2022	450,176	4,359	454,535
NET CARRYING VALUE			
At 31 December 2022	496,281	16,195	512,476
At 31 December 2021	689,722	14,317	704,039

The above leased assets and other investment properties are depreciated on a straight-line basis over their estimated useful lives:

Leasehold assets	Over the terms of the lease
Other investment properties	50 years

14 LEASED ASSETS AND INVESTMENT PROPERTIES (Continued)

Fair values of the leased assets and investment properties as at 31 December 2022 and 2021 are as follows:

	2022 **RMB'000**	2021 RMB'000
Leased assets in the PRC	**677,500**	1,089,000
Other investment properties in the PRC	**34,297**	20,829
	711,797	1,109,829

The fair value of the Group's leased assets as at 31 December 2022 and 2021 has been arrived at 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.

The fair value of the Group's other investment properties as at 31 December 2022 and 2021 based on 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) and Yin Xin Assets Appraisal Co., Ltd (銀信資產評估有限公司), both are independent valuers who hold recognised and relevant professional qualification and have recent experience in the location and category of the other investment properties being valued.

The fair value of commercial properties under leased assets and other investment properties were determined based on income-based approach.

For income-based approach, the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units of the properties as well as other lettings of similar properties in the neighbourhood. The discount rate is determined by reference to the yields derived from analysing the sales transactions of similar commercial properties and adjusted to take into account the market expectation from property investors to reflect factors specific to the Group's leased assets and other investment properties.

The fair value of carpark spaces and clubhouse under other investment properties were determined based on the market approach and income-based approach respectively.

For market approach, the fair value was estimated with reference to sales evidence of similar properties in the nearest locality, with adjustments made to account for differences in locations and other factors specific to the respective properties based on the valuers' judgement.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The fair value measurement is categorised into Level 3 fair value hierarchy. There were no transfers into or out of Level 3 during the year.

14 LEASED ASSETS AND INVESTMENT PROPERTIES (Continued)

As at 31 December 2022 and 2021, no leased assets and investment properties was pledged.

For the year ended 31 December 2022, cash outflow of RMB108,806,000 (2021: RMB960,243,000) represented the amount paid for leased properties under sub-leases.

For the year ended 31 December 2022, the direct operating expenses incurred for the leased assets and investment properties that generated rental income accounted for RMB359,368,000 (2021: RMB282,272,000).

Leased assets and investment properties rented out under operating leases

The Group rents out its leased assets and investment properties to related and third parties tenants for rental income under operating leases. The rental agreements with tenants typically initially run for a short-term, with or without option to renew after that date at which time all terms are renegotiated. In general, short-term refers to a period of approximately 1–27 months.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

Undiscounted lease payments receivable under non-cancellable operating lease arrangements are as follows:

	2022 **RMB'000**	2021 RMB'000
Within one year	**420,438**	399,100
One to two years	**163,413**	330,338
Over two years	**34,559**	133,595
	618,410	863,033

15 INTANGIBLE ASSETS

	Property management contracts RMB'000	Goodwill RMB'000	Total RMB'000
COST			
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	88,000	64,897	152,897
ACCUMULATED AMORTISATION			
At 1 January 2021	16,760	—	16,760
Amortisation	11,011	—	11,011
At 31 December 2021 and 1 January 2022	27,771	—	27,771
Amortisation	10,343	—	10,343
At 31 December 2022	38,114	—	38,114
NET CARRYING VALUE			
At 31 December 2022	49,886	64,897	114,783
At 31 December 2021	60,229	64,897	125,126

The intangible assets arising from property management contracts and goodwill were arisen from acquisition of subsidiaries from third parties.

Property management contracts have finite useful lives and are amortised on a straight-line basis over 3-10 years.

Impairment test on goodwill is performed at least annually.

For the purposes of impairment testing, goodwill has been allocated to individual CGUs. The carrying amounts of goodwill allocated to these units are follows:

	2022 RMB'000	2021 RMB'000
Hunan Poly Tianchuang Property Development Co., Ltd.	**46,129**	46,129
Poly Huichuang (Chongqing) City Comprehensive Service Co., Ltd.	**904**	904
Chengdu Vastrong Property Development Co., Ltd. ("**Vastrong Property**")	**17,864**	17,864
	64,897	64,897

15 INTANGIBLE ASSETS (Continued)

In addition to goodwill, property management contracts and property, plant and equipment that generate cash flows together with the related goodwill are also included in the respective groups of CGUs for the purpose of impairment assessment.

The recoverable amounts of the above groups of CGUs have been determined based on a value in use calculations. Those calculations use cash flow projections based on financial budgets approved by management covering a five-year (2021: five-year) period with growth rate of 2.0% – 15.0% (2021: 2.0% – 15.0%) and pre-tax discount rate of 14.7% – 15.5% (2021: 15.2% – 16.9%). These groups of CGUs' cash flows beyond the five-year (2021: five-year) period are using 2% (2021: 2%) growth rate.

Pre-tax discount rate applied reflects the current market assessments of the time value of money and the risks specific to each of the group of CGUs. The growth rate within the 5-year (2021: 5-year) period has been based on past experience. The cash flows beyond the 5-year (2021: 5-year) period are extrapolated using estimated growth rates stated above. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. The recoverable amounts are significantly above the carrying amounts of those CGUs. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of each of the CGUs to exceed their respective recoverable amount.

During the year ended 31 December 2022 and 31 December 2021, management of the Group determines that there is no impairment on these groups of CGUs.

16 INTERESTS IN ASSOCIATES AND JOINT VENTURE

	2022 **RMB'000**	2021 RMB'000
Cost of investments in associates and joint venture, unlisted	**25,050**	25,050
Share of post-acquisition profits and other comprehensive income, net of dividend received	**43,132**	47,935
	68,182	72,985
Share of results of associates and joint venture	**(4,803)**	21,915

16 INTERESTS IN ASSOCIATES AND JOINT VENTURE (Continued)

Details of the Group's associates and joint venture at the end of the reporting period are as follows:

Name of associate/joint venture	Place of incorporation/ operation	Relationship	Proportion of ownership interest/voting rights held by the Group 2022	2021	Principal activities
Guangdong Xinzhihui Technology Co., Ltd. 廣東芯智慧科技有限公司	the PRC	Associate	**30.00%**	30.00%	Research and development in the intelligent technology products, automatic system and electronic products
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	the PRC	Associate	**30.00%**	30.00%	Real estate agency services
Hunan Ningxiang City Bao Chuang City Co., Ltd. (formerly known as Ningxiang City Development City Operation Management Co., Ltd.) 湖南寧鄉城發保創城市服務有限公司 （前稱寧鄉城發城市運營管理有限公司）	the PRC	Associate	**49.00%**	49.00%	Property management services
Quzhou City Investment Insurance Creation City Service Co., Ltd. 衢州城投保創城市服務有限公司	the PRC	Associate	**49.00%**	49.00%	Property management services
Shanxi Poly Deao Elevator Co., Ltd. 山西保利德奧電梯工程有限公司	the PRC	Joint venture	**45.00%**	45.00%	Elevator repair and maintenance services

Note:

The english names of associates and joint venture listed above are translated for identification purpose only.

All of the above associates and joint venture are accounted for using the equity method in the consolidated financial statements.

16 INTERESTS IN ASSOCIATES AND JOINT VENTURE (Continued)

Summarised financial information of a material associate:

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

Xizang Poly Aijia

	2022 **RMB'000**	2021 RMB'000
Current assets	**307,675**	490,515
Non-current assets	**33,730**	48,157
Current liabilities	**(142,743)**	(303,050)
Non-current liabilities	**(11,553)**	(23,849)
Revenue	**477,931**	958,821
(Loss)/profit and total comprehensive (expense)/income for the year	**(24,664)**	71,975

Reconciliation of the above summarised financial information to the carrying amount of the interest in Xizang Poly Aijia recognised in the consolidated financial statements:

	2022 **RMB'000**	2021 RMB'000
Net assets of Xizang Poly Aijia	**187,109**	211,773
Proportion of the Group's ownership interest in Xizang Poly Aijia	**30.00%**	30.00%
Carrying amount of the Group's interest in Xizang Poly Aijia	**56,133**	63,532

Aggregate information of associates and joint venture that are not individually material:

	2022 **RMB'000**	2021 RMB'000
The Group's share of profit and total comprehensive income	**2,596**	322
Aggregate carrying amount of the Group's interests in these associates and joint venture	**12,049**	9,453

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 RMB'000	2021 RMB'000
Unlisted equity investments (Note)	**12,000**	12,000

Note: The above unlisted equity investments represent the Group's equity interest in a private entity established in the PRC. These investments are not held for trading, instead, they are held for long-term strategic purposes. The Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run. No dividend was received on these investments during the year (2021: Nil).

18 INVENTORIES

	2022 RMB'000	2021 RMB'000
Carpark spaces	**29,470**	32,165
Raw materials	**124**	141
Consumables goods and other inventories	**10,814**	18,253
	40,408	50,559

19 TRADE AND BILLS RECEIVABLES

	2022 RMB'000	2021 RMB'000
Trade receivables		
— Related parties (Note 36(c))	**620,170**	389,073
— Third parties	**1,733,871**	1,092,643
	2,354,041	1,481,716
Less: allowance for credit losses	**(90,865)**	(59,423)
	2,263,176	1,422,293
Bills receivables	**73**	2,485
	2,263,249	1,424,778

As at 1 January 2021, trade receivables amounted to RMB883,751,000.

19 TRADE AND BILLS RECEIVABLES (Continued)

Trade receivables mainly arise from property management services, value-added services income to non-property owners and community value-added services income.

All of the service income are due for payment upon issuance of demand note and most of the credit term was granted to property management services provided to public service projects range from 30 to 90 days in general.

The following is an aged analysis of trade and bills receivables net of allowance for credit losses presented based on the invoice dates:

	2022 **RMB'000**	2021 RMB'000
Within one year	**2,180,490**	1,348,425
One to two years	**81,704**	57,996
Over two years	**1,055**	18,357
	2,263,249	1,424,778

All bills received by the Group are with a maturity period of less than one year.

Details of impairment assessment of trade and bills receivables are set out in note 33.

20 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022 RMB'000	2021 RMB'000
Prepayments		
— Prepayments for property, plant and equipment	**10,884**	13,327
— Prepayments to suppliers (Note a)	**93,060**	140,324
	103,944	153,651
Deposits and other receivables		
— Deposits	**155,386**	146,388
— Payments on behalf of property owners and residents	**560,924**	485,458
— Interest receivables (Note b)	**7,457**	886
— VAT receivables	**60,451**	37,859
— Others	**33,561**	36,801
	817,779	707,392
Less: allowance for credit losses	**(37,882)**	(23,057)
	779,897	684,335
	883,841	837,986

	2022 RMB'000	2021 RMB'000
Analysed for reporting purposes:		
Non-current portion	**10,884**	13,327
Current portion	**872,957**	824,659
	883,841	837,986

Notes:

(a) As at 31 December 2022 and 2021, included in the balance are prepayment for rental expense to Poly Developments and Holdings Group, which the amounts to RMB1,348,000 and RMB2,473,000 respectively.

(b) As at 31 December 2022 and 2021, included in the balance are interest receivable from the deposit maintained with a fellow subsidiary, which amounts to RMB264,000 and RMB110,000 respectively. Please refer to note 7(a) for further details.

21 CASH AND CASH EQUIVALENTS

	2022 RMB'000	2021 RMB'000
Cash on hand	**85**	115
Cash at banks and financial institution	**8,956,231**	7,690,457
	8,956,316	7,690,572

Cash and cash equivalents include demand deposits and short-term time deposits within three months for the purpose of meeting the Group's short term cash commitments which carry interest at market rates.

At 31 December 2022, cash and cash equivalents in the amount of RMB148,952,000 (2021: RMB292,487,000) and RMB8,807,364,000 (2021: RMB7,398,085,000) are denominated in Hong Kong dollar ("HK$") and RMB respectively. 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.

As at 31 December 2022, the Group's cash and cash equivalents include deposits in Poly Finance, a licenced financial institution, amounting RMB1,982,182,000 (2021: RMB1,938,649,000). The amount is unsecured and interest-bearing at market rate.

22 TRADE PAYABLES

	2022 RMB'000	2021 RMB'000
Related parties (Note 36(c))	**107,930**	42,758
Third parties	**1,466,941**	760,882
	1,574,871	803,640

Most of the credit period on purchase of goods and services provided from suppliers is 30 to 90 days.

22 TRADE PAYABLES (Continued)

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

	2022 RMB'000	2021 RMB'000
Within one year	**1,524,624**	786,329
One to two years	**46,924**	16,875
Over two years	**3,323**	436
	1,574,871	803,640

23 ACCRUALS AND OTHER PAYABLES

	2022 RMB'000	2021 RMB'000
Deposits received	**715,055**	576,732
Temporary receipts from property owners	**831,670**	900,128
Accrued salaries and other allowances	**201,718**	78,456
Other tax payables	**51,866**	33,874
Consideration payable at FVPL (Note 33.3(a))	**16,917**	—
Others	**171,674**	191,650
	1,988,900	1,780,840

24 CONTRACT LIABILITIES

	2022 RMB'000	2021 RMB'000
Property management services	**1,314,630**	1,264,103
Value-added services to non-property owners	**12,102**	13,915
Community value-added services	**102,268**	103,077
	1,429,000	1,381,095

As at 1 January 2021, contract liabilities amounted to RMB1,181,881,000.

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.

The Group encourages customers prepaid the service fee. This will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the prepayment. The Group typically receives one month to a year prepayment for the service contract.

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities at the beginning of the year.

24 CONTRACT LIABILITIES (Continued)

	2022 RMB'000	2021 RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
Property management services	**1,034,267**	1,003,276
Value-added services to non-property owners	**13,866**	14,080
Community value-added services	**81,967**	86,585
	1,130,100	1,103,941

(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 completed 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, the contracts have an original expected duration of one year or less and the Group has also elected to apply practical expedient to these type of contracts such that the remaining performance obligation under these contracts are not disclosed.

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

During the years ended 31 December 2022 and 2021, there was no significant incremental costs to obtain a contract.

25 LEASE LIABILITIES

	2022 RMB'000	2021 RMB'000
Lease liabilities payable:		
Within one year	**38,294**	35,851
More than one year but less than two years	**20,793**	18,019
More than two years but less than five years	**36,967**	40,433
More than five years	**11,161**	20,289
	107,215	114,592
Less: Amount due for settlement within 12 months shown under current liabilities	**(38,294)**	(35,851)
Amount due for settlement after 12 months shown under non-current liabilities	**68,921**	78,741

The incremental borrowing rates applied to lease liabilities ranging from 4.75% to 4.90% (2021: from 4.75% to 4.90%).

26 DEFERRED TAX

Details of the deferred tax assets and liabilities recognised and movements during the years ended 31 December 2022 and 2021 are as follows:

Deferred tax assets

	Impairment loss on trade and bills receivables RMB'000	Impairment loss on deposits and other receivables RMB'000	Tax losses RMB'000	Share-based payments RMB'000	Total RMB'000
At 1 January 2021	9,148	4,155	—	—	13,303
Credited to profit or loss	5,575	1,494	—	—	7,069
At 31 December 2021 and 1 January 2022	**14,723**	**5,649**	**—**	**—**	**20,372**
Credited to profit or loss	**7,860**	**3,272**	**2,576**	**5,329**	**19,037**
At 31 December 2022	**22,583**	**8,921**	**2,576**	**5,329**	**39,409**

26 DEFERRED TAX (Continued)

Details of the deferred tax assets and liabilities recognised and movements during the years ended 31 December 2022 and 2021 are as follows:(continued)

Deferred tax liabilities

	Amortisation on intangible assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2021	17,809	474	18,283
Credited to profit or loss	(5,362)	—	(5,362)
At 31 December 2021 and 1 January 2022	**12,447**	**474**	**12,921**
Credited to profit or loss	**(2,196)**	**—**	**(2,196)**
At 31 December 2022	**10,251**	**474**	**10,725**

At the end of the reporting period, the Group had unused tax losses of approximately RMB12,687,000 (2021: RMB7,443,000) available for offset against future profits of which RMB10,304,000 (2021: Nil) tax losses have been recognised as deferred tax assets. No deferred tax asset has been recognised on the remaining tax losses of RMB2,383,000 (2021: RMB7,443,000) due to the unpredictability of future profit streams. The unused tax losses can be carried forward for five years from the year of the incurrence and an analysis of their expiry dates are as follows:

	2022 RMB'000	2021 RMB'000
Unused tax losses expiring in:		
2022	**—**	—
2023	**—**	—
2024	**—**	6,240
2025	**—**	—
2026	**940**	1,203
2027	**11,747**	—
	12,687	7,443

27 OTHER FINANCIAL LIABILITIES

	2022 RMB'000	2021 RMB'000
Consideration payable at FVTPL (Note 33.3(a))	—	15,565
Other non-current liabilities	—	5,772
	—	21,337

28 SHARE CAPITAL

	Domestic shares		Listed H shares		Total	
	Number '000	Amount RMB'000	Number '000	Amount RMB'000	Number '000	Amount RMB'000
Registered, issued and fully paid:						
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	400,000	400,000	153,333	153,333	553,333	553,333

The shares mentioned above rank pari passu in all respects with each other.

29 RESTRICTED SHARE INCENTIVE SCHEME

Restricted share incentive scheme of the Company

At the Company's extraordinary general meeting held on 18 February 2022, the shareholders of the Company approved the adoption of restricted share incentive scheme (the "**Scheme**"), with a duration of 10 years. Under the Scheme, the Company may grant restricted shares to qualified participants ("**Scheme Participants**"), subject to the fulfilment of certain performance conditions and service conditions.

All shares granted are subject to a lock-up period of 24 months commencing from the grant date, followed by an unlocking period of 24 months to 60 months. During the lock-up period, the shares granted to the Scheme Participants are not entitled to the right of disposal, such that the shares shall not be transferred, used as collateral or used for debt repayment. After the expiry of the lock-up period, if all conditions for unlocking have been fulfilled, Scheme Participants will be entitled to the related shares. The relevant shares granted shall be unlocked in three tranches in proportion, and unlocking proportion for the first, second and third tranches shall be 33%, 33% and 34% respectively.

On 26 April 2022 ("**Grant Date**"), the Board approved to implement the initial grant pursuant to the Scheme. The first tranche of 4,654,200 restricted shares were granted, and 4,282,400 restricted shares were actually granted at a grant price of HK$25.71 per share. For the year ended 31 December 2022, an amount aggregating to RMB94,797,000 was received from the Scheme Participants under the Scheme, which was recorded in accruals and other payables. The fair value of the shares granted on the Grant Date was determined based on the difference between the closing price on grant date and grant price as HK$24.94 per share.

29 RESTRICTED SHARE INCENTIVE SCHEME (Continued)

Restricted share incentive scheme of the Company (Continued)

The following table discloses movements in number of restricted shares granted for the years ended 31 December 2022 and 2021:

	Number of restricted shares
At 1 January 2021, 31 December 2021 and 1 January 2022	—
Granted during the year	4,282,400
At 31 December 2022	4,282,400

As instructed by the Board, a trustee (the "**Trustee**") is appointed to purchase certain number of H shares from the secondary market for the Scheme, and the purchased shares will be held by the Trustee until such shares are vested in accordance with the provisions of the Scheme. Upon vesting, the Trustee will transfer the shares to the Scheme Participants. If the performance conditions or service conditions are not fulfilled and the corresponding tranche of shares granted to be vested cannot be unlocked, the restricted shares not unlocked shall be purchased back by the Trustee or other third parties in accordance with the Scheme.

During the year ended 31 December 2022, the Trustee has purchased 1,070,600 H shares at a total cash consideration of RMB45,912,000 (calculated at the exchange rate on the date of purchase), which was debited to the equity of the Company.

Movements of shares held by the Trustee under the Scheme were as follows:

	Number of restricted shares	Amount RMB'000
At 1 January 2021, 31 December 2021 and 1 January 2022	—	—
Shares purchased during the year	1,070,600	45,912
At 31 December 2022	1,070,600	45,912

The Group recognised the total share-based payment expense of RMB21,316,000 for the year ended 31 December 2022 (2021: Nil) in relation to restricted shares granted by the Company.

30 CAPITAL COMMITMENTS

	2022 RMB'000	2021 RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**5,591**	10,283

31 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2022 RMB'000	2021 RMB'000
Non-current assets		
Property, plant and equipment	**127,314**	148,316
Leased assets and investment properties	**13,739**	14,317
Investments in subsidiaries	**337,929**	300,429
Interests in associates and joint venture	**58,838**	65,421
Financial assets at fair value through other comprehensive income	**12,000**	12,000
Prepayments for property, plant and equipment	**10,127**	11,767
Deferred tax assets	**24,645**	12,632
	584,592	564,882
Current assets		
Inventories	**36,182**	43,930
Trade and bills receivables	**1,165,801**	804,716
Prepayments, deposits and other receivables	**1,484,930**	1,561,208
Cash and cash equivalents	**8,174,886**	7,050,779
	10,861,799	9,460,633
Current liabilities		
Trade payables	**861,949**	457,877
Accruals and other payables	**2,686,794**	2,345,384
Lease liabilities	**34,275**	32,182
Contract liabilities	**764,948**	707,787
Income tax payable	**86,114**	95,195
	4,434,080	3,638,425
Net current assets	**6,427,719**	5,822,208
Total assets less current liabilities	**7,012,311**	6,387,090
Non-current liabilities		
Deferred tax liabilities	**474**	474
Other financial liabilities	**—**	21,337
Lease liabilities	**25,822**	44,386
	26,296	66,197
Net assets	**6,986,015**	6,320,893
Capital and reserves		
Share capital (see note 28)	**553,333**	553,333
Reserves (Note)	**6,432,682**	5,767,560
Total equity	**6,986,015**	6,320,893

31 STATEMENTS OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Note: Movement in reserves

	Share premium RMB'000	Shares held for restricted share incentive scheme RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Fair value reserve RMB'000	Share-based payments reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2021	4,535,479	—	(10,650)	148,795	3,500	—	584,984	5,262,108
Profit for the year	—	—	—	—	—	—	736,385	736,385
Change in fair value of equity instruments at FVTOCI	—	—	—	—	7,000	—	—	7,000
Appropriation of statutory reserve	—	—	—	73,745	—	—	(73,745)	—
Dividend recognised as distribution (Note 10)	—	—	—	—	—	—	(237,933)	(237,933)
At 31 December 2021 and 1 January 2022	4,535,479	—	(10,650)	222,540	10,500	—	1,009,691	5,767,560
Profit for the year	—	—	—	—	—	—	858,485	858,485
Purchase of own shares under restricted share	—	(45,912)	—	—	—	—	—	(45,912)
Appropriation of statutory reserve	—	—	—	54,127	—	—	(54,127)	—
Recognition of equity-settled share-based payments	—	—	—	—	—	21,316	—	21,316
Dividend recognised as distribution (Note 10)	—	—	—	—	—	—	(168,767)	(168,767)
At 31 December 2022	4,535,479	(45,912)	(10,650)	276,667	10,500	21,316	1,645,282	6,432,682

32 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that 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 Group's overall strategy remains unchanged from prior year.

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.

The management reviews 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 2022 and 2021 amounted to approximately RMB7,844,829,000 and RMB6,888,762,000 respectively, which the management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

33 FINANCIAL INSTRUMENTS

33.1 Categories of financial instruments

	2022 RMB'000	2021 RMB'000
Financial assets:		
Financial assets at amortised cost	**11,939,011**	9,761,826
Financial assets at FVTOCI	**12,000**	12,000
	11,951,011	9,773,826
Financial liabilities:		
Financial liabilities at amortised cost	**3,602,203**	2,670,970
Financial liabilities at FVTPL	**16,917**	15,565
	3,619,120	2,686,535

33.2 Financial risk management objective and policies

The Group's major financial instruments include financial assets at FVOCI, trade and bills receivables, deposits and other receivables, cash and cash equivalents, trade payables, accruals and other payables, lease liabilities and other financial liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Market risk

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 Hong Kong Stock Exchange are in other currency. As at 31 December 2022, major non-RMB assets are cash and cash equivalents of RMB148,952,000 and non-RMB liabilities are trade payables of RMB1,897,000 and accruals and other payables of RMB41,805,000 denominated in HK$. Fluctuation of the exchange rates of RMB against foreign currency could affect the Group's results of operations.

33 FINANCIAL INSTRUMENTS (Continued)

33.2 Financial risk management objective and policies (Continued)

(a) Market risk (Continued)

Foreign exchange risk (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	2022 **RMB'000**	2021 RMB'000
Monetary assets and liabilities — HK$		
Cash and cash equivalent	**148,952**	292,487
Trade payables	**(1,897)**	—
Accruals and other payables	**(41,805)**	(39,389)
	105,250	253,098

The following table details the Group's sensitivity to 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 end of reporting period 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:

	2022 **RMB'000**	2021 RMB'000
5% increase in RMB against HK$	**(3,947)**	(9,491)
5% decrease in RMB against HK$	**3,947**	9,491

Interest rate risk

The Group is exposed to cash flow interest rate risk in related to cash and cash equivalent (Note 21) and fair value interest rate risk in relation lease liabilities (Note 25). The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

Management of the Group are of the opinion that the Group's exposure to interest rate risk is minimal. Accordingly, no interest rate risk sensitivity analysis is presented.

33 FINANCIAL INSTRUMENTS (Continued)

33.2 Financial risk management objective and policies (Continued)

(a) *Market risk (Continued)*

Other price risk

Other price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as financial assets at fair value through other comprehensive income in note 17 as at 31 December 2022.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to other price risk at the reporting date. Sensitivity analyses for unquoted equity securities with fair value measurement categorised within Level 3 were disclosed in note 33.3(a).

(b) *Credit risk and impairment assessment*

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and bills receivables, deposits and other receivables and cash and cash equivalents. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with bills receivables is mitigated because settlement of bills receivables are backed by bills issued by reputable financial institutions.

The Group expects that there is no significant credit risk associated with cash and cash equivalents and interest receivables since they are substantially deposited at and due from state-owned banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

33 FINANCIAL INSTRUMENTS (Continued)

33.2 Financial risk management objective and policies (Continued)

(b) Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	12m or lifetime ECL	**2022 Gross carrying amount RMB'000**	2021 Gross carrying amount RMB'000
Financial assets at amortised cost				
Trade receivables	19	Lifetime ECL – not credit-impaired	**2,354,041**	1,481,716
Deposits and other receivables	20	12m ECL	**749,871**	668,647

Trade receivables

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 year to ensure that adequate impairment losses are made for irrecoverable amounts.

As at 31 December 2022, the Company are in the view there have been no significant increase in credit risk nor default because these relate to a number of independent customers that are either active and or have a good track record and established creditworthiness with the Group.

For related parties and third parties trade receivables, the Group using provision matrix based on debtors' aging to assess the impairment for its customers because these customers consist of a large number of individual customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk and ECL for trade receivables as at 31 December 2022 and 2021.

33 FINANCIAL INSTRUMENTS (Continued)

33.2 Financial risk management objective and policies (Continued)

(b) Credit risk and impairment assessment (continued)

Trade receivables (Continued)

	Up to 1 year RMB'000	Third parties 1 to 2 years RMB'000	Over 2 years RMB'000	Related parties RMB'000	Total RMB'000
At 31 December 2022					
Expected loss rate	**1.8%**	**28.4%**	**99.6%**	**4.3%**	
Gross carrying amount	**1,648,212**	**71,350**	**14,309**	**620,170**	**2,354,041**
Loss allowance provision	**29,678**	**20,252**	**14,257**	**26,678**	**90,865**
At 31 December 2021					
Expected loss rate	3.5%	5.0%	84.5%	3.3%	
Gross carrying amount	1,058,415	23,586	10,642	389,073	1,481,716
Loss allowance provision	36,549	1,176	8,997	12,701	59,423

Deposits and other receivables

For deposits and other receivables, the management makes periodic assessment on the recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The following table provides information about the exposure to credit risk and ECL for deposits and other receivables as at 31 December 2022 and 2021.

	Third parties RMB'000	Related parties RMB'000	Total RMB'000
At 31 December 2022			
Expected loss rate	**4.9%**	**8.2%**	
Gross carrying amount	**714,587**	**35,284**	**749,871**
Loss allowance provision	**34,990**	**2,892**	**37,882**
At 31 December 2021			
Expected loss rate	3.3%	5.3%	
Gross carrying amount	626,358	42,289	668,647
Loss allowance provision	20,796	2,261	23,057

33 FINANCIAL INSTRUMENTS (Continued)

33.2 Financial risk management objective and policies (Continued)

(b) *Credit risk and impairment assessment (continued)*

As at 31 December 2022 and 2021, the loss allowance provision for trade and bills receivables and deposits and other receivables reconciles to the opening loss allowance for that provision as follows:

	Trade and bills receivables RMB'000	Deposits and other receivables RMB'000	Total RMB'000
At 1 January 2021	36,658	15,188	51,846
Provision for loss allowance recognised in profit or loss	22,765	7,869	30,634
At 31 December 2021 and 1 January 2022	**59,423**	**23,057**	**82,480**
Provision for loss allowance recognised in profit or loss	**31,442**	**14,825**	**46,267**
At 31 December 2022	**90,865**	**37,882**	**128,747**

(c) *Liquidity risk*

Ultimate responsibility for liquidity risk management rests with the directors of 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, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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.

33 FINANCIAL INSTRUMENTS (Continued)

33.2 Financial risk management objective and policies (Continued)

(c) Liquidity risk (Continued)

	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 2022						
Trade payables	**1,574,871**	**1,574,871**	**1,574,871**	**—**	**—**	**—**
Accruals and other payables	**1,937,034**	**1,937,034**	**1,937,034**	**—**	**—**	**—**
Lease liabilities	**107,215**	**118,039**	**42,210**	**23,295**	**40,733**	**11,801**
	3,619,120	**3,629,944**	**3,554,115**	**23,295**	**40,733**	**11,801**
As at 31 December 2021						
Other financial liabilities	21,337	21,337	—	21,337	—	—
Trade payables	803,640	803,640	803,640	—	—	—
Accruals and other payables	1,746,966	1,746,966	1,746,966	—	—	—
Lease liabilities	114,592	127,953	43,246	19,384	43,497	21,826
	2,686,535	2,699,896	2,593,852	40,721	43,497	21,826

33 FINANCIAL INSTRUMENTS (Continued)

33.3 Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value at the end of the reporting period. In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages independent qualified valuers to perform the valuation. The finance department works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The finance department reports findings to the directors of Company at each reporting date to explain the cause of fluctuations in the fair value.

(a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Fair value hierarchy as at 31 December 2022

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTOCI				
— Unlisted equity investments	—	—	**12,000**	**12,000**
Consideration payable at FVTPL				
— Liability arising from acquisition of Vastrong Property	—	—	**16,917**	**16,917**

Fair value hierarchy as at 31 December 2021

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTOCI				
— Unlisted equity investments	—	—	12,000	12,000
Consideration payable at FVTPL				
— Liability arising from acquisition of Vastrong Property	—	—	15,565	15,565

33 FINANCIAL INSTRUMENTS (Continued)

33.3 Fair value measurements of financial instruments (Continued)

(a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Valuation techniques and inputs used in Level 3 fair value measurements:

	Fair value as at				
	31 December 2022	31 December 2021	**Valuation technique**	**Unobservable input**	**Relationship of inputs to fair value**
Unlisted equity shares	**RMB12,000,000**	RMB12,000,000	Market comparable approach	Discount for lack of marketability of 40% (2021: 40%) (Note (a))	The higher the discount rate the lower the fair value
Liability arising from acquisition of Vastrong Property	**RMB16,917,000**	RMB15,565,000	Discounted cash flow method	N/A (2021: Discount rate of 5%) (Note (b))	The higher the discount rate the lower the fair value

Notes:

(a) As at 31 December 2022 and 2021, it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 1% would have increased/decreased the Group's other comprehensive income by RMB120,000 and RMB50,000 respectively.

(b) As at 31 December 2022, considering that the sales and purchase agreement of Vastrong Property will be matured shortly , no discount factor is applied to the amount. As a result, no sensitivity analysis for the year ended 31 December 2022 was disclosed for the impact of changes in discount rate.

As at 31 December 2021, it was estimated that a 1% increase or decrease in discount rate while all other variables held constant would not significantly affect the value of consideration payable.

33 FINANCIAL INSTRUMENTS (Continued)

33.3 Fair value measurements of financial instruments (Continued)

(a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

The movement during the years ended 31 December 2022 and 2021 in the balance of the level 3 fair value measurements are as follows:

	Financial assets at FVTOCI RMB'000	Consideration payable at FVTPL RMB'000
At 1 January 2021	5,000	14,612
Fair value change recognised in other comprehensive income	7,000	—
Fair value change recognised in profit or loss	—	953
At 31 December 2021 and 1 January 2022	**12,000**	**15,565**
Fair value change recognised in profit or loss	**—**	**1,352**
At 31 December 2022	**12,000**	**16,917**

During the years ended 31 December 2022 and 2021, there were no transfers between level 1 and level 2, or transfers into or out of level 3.

(b) Fair value of the Group's financial assets and liabilities financial that are not measured at fair value on a recurring basis

The Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statement approximate their fair values.

34 CASH FLOW INFORMATION

Cash generated from operations

	2022 RMB'000	2021 RMB'000
Operating activities		
Profit before tax	**1,513,358**	1,162,437
Adjustments for:		
Exchange (gain)/loss, net	**(27,103)**	8,872
Depreciation of property, plant and equipment	**85,190**	70,527
Depreciation of leased assets and investment properties	**286,253**	240,653
Amortisation of intangible assets	**10,343**	11,011
Loss on fair value changes of consideration payable at FVTPL	**1,352**	953
Impairment loss on trade and bills receivables	**31,442**	22,765
Impairment loss on deposits and other receivables	**14,825**	7,869
Impairment loss on interests in an associate	**—**	1,309
Share of results of associates and joint venture	**4,803**	(21,915)
Share-based payments expense	**21,316**	—
Bank interest income	**(66,724)**	(80,088)
Other interest income	**(13,182)**	(21,644)
Finance costs	**4,629**	10,563
Gain on modification of lease contracts, net	**(2)**	(8,942)
(Gain)/loss on disposal of property, plant and equipment, net	**(95)**	190
Operating cash flows before movements in working capital	**1,866,405**	1,404,560
Decrease in inventories	**10,151**	77
Increase in trade and bills receivables	**(863,342)**	(559,486)
Increase in prepayments, deposits and other receivables	**(62,853)**	(280,243)
Increase in trade payables	**771,231**	406,544
Increase in accruals and other payables	**97,160**	553,198
Decrease in other financial liabilities	**(5,772)**	(2,332)
Increase in contract liabilities	**47,905**	199,214
Cash generated from operations	**1,860,885**	1,721,532

34 CASH FLOW INFORMATION (Continued)

Reconciliation of liabilities arising from financing activities

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

	Lease liabilities (Note 25) RMB'000
At 1 January 2021	238,121
Financing cash flows	(103,905)
Other changes (Note)	(19,624)
At 31 December 2021 and 1 January 2022	**114,592**
Financing cash flows	**(33,814)**
Other changes (Note)	**26,437**
At 31 December 2022	**107,215**

Note: Other changes mainly represents new lease entered, lease modification and interest expenses.

35 PARTICULARS OF PRINCIPAL SUBSIDIARIES

(a) General information of subsidiaries

Details of the Company's principal subsidiaries as at 31 December 2022 and 2021, are as follows:

Name of subsidiary	Place of incorporation/ operations	Paid-up issued capital	Attributable equity interest to the Company				Principal activities
			Direct		Indirect		
			2022	2021	**2022**	2021	
Poly (Guangzhou) Property Development Co., Ltd. 保利(廣州)物業發展有限公司	the PRC	RMB10,000,000	**100%**	100%	**—**	—	Property management
Guangzhou Poly Business Commercial Property Development Co., Ltd. 廣州保利商業物業發展有限公司	the PRC	RMB10,000,000	**100%**	100%	**—**	—	Property management
Poly (Foshan) Property Service Co., Ltd. 保利(佛山)物業服務有限公司	the PRC	RMB5,000,000	**100%**	100%	**—**	—	Property management
Yangjiang Poly Property Management Co., Ltd. 陽江保利物業管理有限公司	the PRC	RMB3,000,000	**100%**	100%	**—**	—	Property management
Poly Property Management (Beijing) Co., Ltd. 保利物業管理(北京)有限公司	the PRC	RMB5,000,000	**100%**	100%	**—**	—	Property management
Tianjin Poly Metropolis Property Service Co., Ltd. 天津保利大都會物業服務有限公司	the PRC	RMB500,000	**100%**	100%	**—**	—	Property management
Hebei Poly Property Service Co., Ltd. 河北保利物業服務有限公司	the PRC	RMBNil	**100%**	100%	**—**	—	Property management
Poly Urban Construction Service Co., Ltd. 保利城市建設服務有限公司	the PRC	RMB51,000,000	**100%**	100%	**—**	—	Property management

35 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Details of the Company's principal subsidiaries as at 31 December 2022 and 2021, are as follows: (Continued)

Name of subsidiary	Place of incorporation/ operations	Paid-up issued capital	Attributable equity interest to the Company				Principal activities
			Direct		Indirect		
			2022	2021	2022	2021	
Zhejiang Poly Property Management Co., Ltd. 浙江保利物業管理有限公司	the PRC	RMB5,000,000	100%	100%	—	—	Property management
Poly (Xiamen) Property Management Co., Ltd. 保利（廈門）物業管理有限公司	the PRC	RMB1,000,000	100%	100%	—	—	Property management
Poly Chongqing Property Management Co., Ltd. 保利重慶物業管理有限公司	the PRC	RMB5,000,000	100%	100%	—	—	Property management
Hunan Poly Property Management Co., Ltd. 湖南保利物業管理有限公司	the PRC	RMB5,000,000	100%	100%	—	—	Property management
Poly (Wuhan) Property Management Co., Ltd. 保利（武漢）物業管理有限公司	the PRC	RMB5,080,000	100%	100%	—	—	Property management
Jiangxi Poly Property Management Co., Ltd. 江西保利物業管理有限公司	the PRC	RMB3,000,000	100%	100%	—	—	Property management
Liaoning Poly Property Management Co., Ltd. 遼寧保利物業管理有限公司	the PRC	RMB5,000,000	100%	100%	—	—	Property management
Poly (Dalian) Property Management Co., Ltd. 保利（大連）物業管理有限公司	the PRC	RMB2,000,000	100%	100%	—	—	Property management

35 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Details of the Company's principal subsidiaries as at 31 December 2022 and 2021, are as follows: (Continued)

Name of subsidiary	Place of incorporation/ operations	Paid-up issued capital	Attributable equity interest to the Company				Principal activities
			Direct		Indirect		
			2022	2021	2022	2021	
Poly Baoding Property Service Co., Ltd. 保利保定物業服務有限公司	the PRC	RMB1,000,000	–	–	51%	51%	Property management
Hunan Poly Tongyuan Property Management Co., Ltd. 湖南保利同元物業管理有限公司	the PRC	RMB2,000,000	51%	51%	–	–	Property management
Poly (Baotou) Property Service Co., Ltd. 保利(包頭)物業服務有限公司	the PRC	RMB3,000,000	77.5%	77.5%	–	–	Property management
Poly (Changchun) Property Service Co., Ltd. ("**Poly Changchun**") (Note (d)) 保利(長春)物業服務有限公司	the PRC	RMB3,000,000	50%	50%	–	–	Property management
Ji An Shi Poly Jin Property Service Co., Ltd. 吉安市保利金物業服務有限公司	the PRC	RMBNil	–	–	51%	51%	Property management
Guangzhou Zengcheng Poly Property Investment Co., Ltd. 廣州增城保利物業投資有限公司	the PRC	RMBNil	–	–	100%	100%	Property management
Hunan Poly Tianchuang Poly Property Development Co., Ltd. ("**Poly Tianchuang**") 湖南保利天創物業發展有限公司	the PRC	RMB5,000,000	60%	60%	–	–	Property management
Poly Heyue Life Technology Service Co., Ltd. 保利和悦生活科技服務有限公司	the PRC	RMB5,500,000	100%	100%	–	–	Consulting services, housekeeping services and sales of goods

35 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Details of the Company's principal subsidiaries as at 31 December 2022 and 2021, are as follows: (Continued)

Name of subsidiary	Place of incorporation/ operations	Paid-up issued capital	Attributable equity interest to the Company				Principal activities
			Direct		Indirect		
			2022	2021	2022	2021	
Guangzhou Hechuang Zhongwei Catering Services Co Ltd. 廣州和創中味餐飲服務有限公司	the PRC	RMB2,000,000	51%	51%	–	–	Landscaping services, catering management
Poly Guanlan (Wuhan) Property Services Co. Ltd. 保利觀瀾（武漢）物業服務有限公司	the PRC	RMB1,000,000	–	–	80%	80%	Property management
Poly Zhongshe (Beijing) Property Management Ltd. ("**Poly Zhongshe**") 保利中設（北京）物業管理有限公司	the PRC	RMB15,000,000	60%	60%	–	–	Property management
Poly Huichuang Chongqing City Comprehensive Services Co., Ltd. 保利暉創（重慶）城市綜合服務有限公司	the PRC	RMB3,000,000	51%	51%	–	–	Property management
Hechuang Aiqi (Guangzhou) Operation and Management Co., Ltd. 和創愛奇（廣州）運營管理有限公司	the PRC	RMB1,000,000	–	–	51%	51%	Property management
Hunan Xingchuang City Operation and Management Co., Ltd. 湖南省星創城市運營管理有限公司	the PRC	RMB1,200,000	51%	51%	–	–	Property management
Yichang Baohe Property Service Co., Ltd. 宜昌保和物業服務有限公司	the PRC	RMBNil	–	–	100%	100%	Property management
Guangdong Hejia Home Technology Co., Ltd. 廣東和加家居科技有限公司	the PRC	RMBNil	60%	60%	–	–	Property management

35 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Details of the Company's principal subsidiaries as at 31 December 2022 and 2021, are as follows: (Continued)

Name of subsidiary	Place of incorporation/ operations	Paid-up issued capital	Attributable equity interest to the Company				Principal activities
			Direct		Indirect		
			2022	2021	2022	2021	
Poly Wanteng Hebei Property Services Co., Ltd. 保利萬騰河北物業服務有限公司	the PRC	RMB1,000,000	–	–	51%	51%	Property management
Shandong Chengtou Poly Huichuang City Services Co., Ltd. 山東城投保利暉創城市服務有限公司	the PRC	RMB3,000,000	–	–	51%	51%	Property management
Tangshan XinChengtou Poly City Services Co., Ltd. 唐山新城投保利城市服務有限公司	the PRC	RMB10,000,000	–	–	51%	51%	Property management
Poly (Ziyang) City Comprehensive Services Co., Ltd. 保利(資陽)城市綜合服務有限公司	the PRC	RMB2,505,000	60%	60%	–	–	Property management
Poly (Huaihua) City Operation and Management Co., Ltd. 保利(懷化)城市運營管理有限公司	the PRC	RMB2,002,000	–	–	60%	60%	Property management
Guangzhou Baiyun Poly Property Services Co., Ltd. 廣州白雲保利物業服務有限公司	the PRC	RMBNil	–	–	100%	100%	Property management
Jiujiang Liantao Poly Huichuang City Services Co., Ltd. 九江濂投保利暉創城市服務有限公司	the PRC	RMB3,000,000	–	–	51%	51%	Property management

35 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Details of the Company's principal subsidiaries as at 31 December 2022 and 2021, are as follows: (Continued)

Name of subsidiary	Place of incorporation/ operations	Paid-up issued capital	Attributable equity interest to the Company				Principal activities
			Direct		Indirect		
			2022	2021	2022	2021	
Xinjiang Poly Huichuang City Services Co., Ltd. 新疆保利暉創城市服務有限公司	the PRC	RMBNil	—	—	51%	51%	Property management
Chengdu Vastrong Property Development Co., Ltd. 成都華昌物業發展有限責任公司	the PRC	RMB5,000,000	80%	80%	—	—	Property management
Chengdu Huazhong Investment Management Co., Ltd. 成都華中投資管理有限公司	the PRC	RMB2,000,000	—	—	80%	80%	Property management
Poly (Shandong) Property Services Co., Ltd. 保利(山東)物業服務有限公司	the PRC	RMBNil	100%	100%	—	—	Property management
Poly Anhui Property Service Co., Ltd. 保利安徽物業服務有限公司	the PRC	RMBNil	100%	100%	—	—	Property management
Poly (Jiangsu) Property Service Development Co., Ltd. 保利(江蘇)物業服務發展有限公司	the PRC	RMB5,000,000	100%	100%	—	—	Property management
Guangdong Poly Yuewan Property Services Co., Ltd. 廣東保利粵灣物業服務有限公司	the PRC	RMBNil	100%	100%	—	—	Property management
Poly Shaanxi Property Services Co., Ltd. 保利陝西物業服務有限公司	the PRC	RMBNil	100%	100%	—	—	Property management

35 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Details of the Company's principal subsidiaries as at 31 December 2022 and 2021, are as follows: (Continued)

Name of subsidiary	Place of incorporation/ operations	Paid-up issued capital	Attributable equity interest to the Company				Principal activities
			Direct		Indirect		
			2022	2021	2022	2021	
Poly Sichuan Property Services Co., Ltd. 四川保利物業服務有限公司	the PRC	RMBNil	100%	100%	—	—	Property management
Poly (Jiashan) City Operation and Services Co., Ltd. 保利（嘉善）城市運營服務有限公司	the PRC	RMBNil	—	—	100%	100%	Property management
Shenyang Liaohe Baochuang Property Comprehensive Service Co., Ltd. 瀋陽遼河保創物業綜合服務有限公司	the PRC	RMBNil	—	—	70%	70%	Inactive
Poly (Jiashan) Comprehensive Service Management Co., Ltd. 保利（嘉善）綜合服務管理有限公司	the PRC	RMBNil	—	—	100%	100%	Property management
Neimenggu Poly Aizhimeng Property Services Co., Ltd. 內蒙古保利愛之蒙物業服務有限公司	the PRC	RMB5,000,000	—	—	51%	51%	Property management
Liaoning Huichuang Property Management Co., Ltd. 遼寧暉創物業管理有限公司	the PRC	RMB3,000,000	—	—	51%	51%	Property management
Sichuan Baochuang Guojing Property Service Co., Ltd. 四川保創國經物業服務有限公司	the PRC	RMB3,900,000	—	—	51%	51%	Property management
Poly Environmental Services (Guangdong) Co., Ltd ("**Poly Environmental**") (Note (e)) 保利環境服務(廣東)有限公司	the PRC	RMB50,000,000	65%	—	—	—	Environmental service

35 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Details of the Company's principal subsidiaries as at 31 December 2022 and 2021, are as follows: (Continued)

Name of subsidiary	Place of incorporation/ operations	Paid-up issued capital	Attributable equity interest to the Company				Principal activities
			Direct		Indirect		
			2022	2021	2022	2021	
Guangzhou Huang Pu Poly Property Service Co., Ltd. (Note (e)) 廣州黃埔保利物業服務有限公司	the PRC	RMBNil	100%	—	—	—	Property management
Guangzhou Poly Property Development Co., Ltd. (Note (e)) 廣州保荔物業發展有限公司	the PRC	RMBNil	100%	—	—	—	Property management
Poly (Hai Nan Special Economic Zone) Property Service Co., Ltd. (Note (e)) 保利(海南經濟特區)物業服務有限公司	the PRC	RMBNil	100%	—	—	—	Inactive
Silver Poly Wei Li Environment Service Co., Ltd. (Note (e)) 白銀保衛利環境服務有限公司	the PRC	RMBNil	—	—	65%	—	Environmental service
Hengyuan (Hong Kong) Service Limited 恒遠(香港)服務有限公司	Hong Kong	RMBNil	100%	100%	—	—	Inactive

(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 and Hong Kong are in the form of domestic limited liability company.

(d) 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.

(e) The subsidiaries were newly incorporated during the year ended 31 December 2022.

35 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interest

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2022	2021	**2022**	2021	**2022**	2021
				RMB'000	RMB'000	**RMB'000**	RMB'000
Poly Changchun	The PRC	**50%**	50%	**1,788**	7,069	**18,094**	16,307
Poly Tianchuang	The PRC	**40%**	40%	**7,603**	7,758	**46,997**	39,393
Poly Zhongshe	The PRC	**40%**	40%	**4,090**	3,562	**16,587**	12,497
Vastrong Property	The PRC	**20%**	20%	**2,070**	2,272	**11,431**	11,952
Poly Environmental	The PRC	**35%**	—	**(2,936)**	—	**14,564**	—
Individual immaterial subsidiaries with non-controlling interests						**46,532**	22,947
						154,205	103,096

35 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interest (Continued)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Name	Poly Changchun		Poly Tianchuang	
	2022 **RMB'000**	2021 RMB'000	**2022** **RMB'000**	2021 RMB'000
Non-current assets	**891**	927	**44,891**	46,605
Current assets	**87,396**	67,699	**128,717**	104,280
Non-current liabilities	**—**	—	**(10,104)**	(12,628)
Current liabilities	**(52,099)**	(36,013)	**(46,012)**	(39,775)
Net assets	**36,188**	32,613	**117,492**	98,482
Non-controlling interests	**18,094**	16,307	**46,997**	39,393
Revenue	**105,512**	124,860	**452,170**	388,305
Profit and total comprehensive income	**3,575**	14,138	**19,010**	19,394
Profit attributable to non-controlling interest	**1,788**	7,069	**7,603**	7,758
Dividends paid to non-controlling interest	**—**	—	**—**	—
Net cash (outflow)/inflow from operating activities	**(4,346)**	199	**1,526**	14,276
Net cash outflow from investing activities	**(149)**	(492)	**(6,821)**	(3,954)
Net cash outflow from financing activities	**—**	—	**(1,278)**	—
Net cash (outflow)/inflow	**(4,495)**	(293)	**(6,573)**	10,322

35 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interest (Continued)

Name	Poly Zhongshe		Vastrong Property	
	2022 RMB'000	2021 RMB'000	**2022 RMB'000**	2021 RMB'000
Non-current assets	**824**	1,600	**22,290**	26,542
Current assets	**50,678**	37,130	**65,618**	68,734
Non-current liabilities	**—**	—	**(3,249)**	(6,528)
Current liabilities	**(10,035)**	(7,488)	**(27,504)**	(28,990)
Net assets	**41,467**	31,242	**57,155**	59,758
Non-controlling interests	**16,587**	12,497	**11,431**	11,952
Revenue	**54,261**	46,009	**113,176**	95,163
Profit and total comprehensive income	**10,225**	8,905	**10,352**	11,358
Profit attributable to non-controlling interest	**4,090**	3,562	**2,070**	2,272
Dividends paid to non-controlling interests	**—**	—	**2,591**	2,378
Net cash inflow from operating activities	**16,364**	13,270	**13,574**	13,889
Net cash outflow from investing activities	**(207)**	(59)	**(20)**	(18)
Net cash outflow from financing activities	**(431)**	(611)	**(13,345)**	(34,484)
Net cash inflow/(outflow)	**15,726**	12,600	**209**	(20,613)

35 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interest (Continued)

Name	Poly Environmental
	2022 RMB'000
Non-current assets	12,818
Current assets	45,519
Non-current liabilities	(165)
Current liabilities	(16,560)
Net assets	41,612
Non-controlling interests	14,564
Revenue	8,168
Loss and total comprehensive expense	(8,387)
Loss attributable to non-controlling interests	(2,936)
Dividends paid to non-controlling interests	—
Net cash outflow from operating activities	(16,052)
Net cash outflow from investing activities	(2,648)
Net cash inflow from financing activities	49,882
Net cash inflow	31,182

36 MATERIAL RELATED PARTY TRANSACTIONS

Other that as disclosed elsewhere in the consolidated financial statements, the Group had the following significant transactions with its related parties during the both years.

(a) Name and relationship

Name of related parties	Relationship with the Group
Poly Developments and Holdings Group	Immediate holding company and its subsidiaries other than the Group
China Poly Group	Ultimate holding company and its subsidiaries other than Poly Developments and Holdings Group and Poly Finance
Poly Finance	Subsidiary of China Poly Group

(b) Material related party transactions

	2022 RMB'000	2021 RMB'000
Poly Developments and Holdings Group		
Provision of services		
— Property management services	**155,248**	165,053
— Value-added services to non-property owners, other than rental income	**1,377,636**	1,140,676
— Community value-added services	**406,116**	161,924
— Rental income	**57,314**	39,743
Shared rent expense	**67,009**	36,582
Lease contract arrangements		
— Leased assets	**493,092**	674,881
— Lease liabilities	**37,086**	31,471
— Depreciation	**292,482**	243,340
— Interest expense	**1,071**	4,867
— Rental expense	**5,418**	10,336
Hardware Procurement expenses	**3,814**	8,855

36 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Material related party transactions (Continued)

	2022 RMB'000	2021 RMB'000
Associates of Poly Developments and Holdings Group		
Provision of services		
— Property management services	**27,873**	26,296
— Value-added services to non-property owners, other than rental income	**144,732**	138,261
— Community value-added services	**22,526**	17,298
— Rental income	**16,096**	14,104
Lease contract arrangements		
— Right-of-use assets	**133**	399
— Lease liabilities	**141**	413
— Depreciation	**266**	267
— Interest expense	**10**	3
— Rental expense	**252**	—
Joint venture of Poly Developments and Holdings Group		
Provision of services		
— Property management services	**8,783**	7,149
— Value-added services to non-property owners, other than rental income	**71,366**	76,699
— Community value-added services	**13,325**	19,451
Poly Finance		
Interest income	**12,374**	20,692

36 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Material related party balances

	2022 RMB'000	2021 RMB'000
Poly Developments and Holdings Group		
— Trade receivable	**501,381**	324,393
— Deposit and other receivable	**15,236**	14,472
— Trade payable	**97,713**	38,417
— Accrual and other payable	**60,561**	87,026
— Contract liabilities	**33,546**	33,398
Associates of Poly Developments and Holdings Group		
— Trade receivable	**70,838**	41,309
— Deposit and other receivable	**24,597**	25,996
— Trade payable	**6,032**	312
— Accrual and other payable	**4,018**	10,651
Joint ventures of Poly Developments and Holdings Group		
— Trade receivable	**47,438**	23,113
— Deposit and other receivable	**136**	1,821
— Trade payable	**3,738**	2,617
— Accrual and other payable	**509**	342
China Poly Group and its subsidiaries		
— Trade receivable	**513**	258
— Deposit and other receivable	**119**	—
— Trade payable	**—**	1,346
— Accrual and other payable	**102**	87
Associates of China Poly Group		
— Trade payable	**447**	66

Except for contract liabilities and other receivable from an associate of Poly Developments and Holdings Group are unsecured, carrying interest at market rates and repayable on demand. All the above remaining balances are unsecured, interest-free and repayable on demand or according to contract terms (2021: same).

36 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(d) Material transactions with other stated-controlled entities

Part of the Group's operations is carried out in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government ("**state-controlled entities**"). In addition, the Group itself is part of a larger group of companies under China Poly Group which is controlled by the PRC government. Apart from the transactions with China Poly Group, other connected persons and related parties disclosed in this note, the Group also conducts business with other state-controlled entities. The Group consider those state-controlled entities are independent third parties so far as the Group's business transactions with them are concerned.

In establishing its pricing strategies and approval process for transactions with other state-controlled entities, the Group does not differentiate whether the counterparty is a state-controlled entity or not.

During the years ended 31 December 2022 and 2021, the Group provided services property management services to other state-owned enterprises. The Group maintained most of its bank deposits in government-related financial institutions associated with the respective interest income incurred. In establishing its pricing strategies and approval process for its services, the Group does not differentiate whether the counter-party is a state-controlled enterprise. In the opinion of the Group, all such transactions were conducted in the ordinary course of business and on normal commercial terms.

37 SUBSEQUENT EVENT

The Group did not have significant subsequent events after 31 December 2022 and until the date of this report has been issued.

FIVE YEAR FINANCIAL SUMMARY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000	**2022** **RMB'000**
Revenue	4,229,378	5,966,836	8,037,156	10,782,549	**13,686,662**
Cost of services	(3,378,100)	(4,756,115)	(6,538,095)	(8,767,909)	**(11,112,818)**
Gross profit	851,278	1,210,721	1,499,061	2,014,640	**2,573,844**
Other income and other gains and losses, net	26,638	34,510	210,477	153,909	**163,996**
Selling and marketing expenses	—	(5,171)	(15,187)	(9,460)	**(6,370)**
Administrative expenses	(415,266)	(568,625)	(769,722)	(1,006,025)	**(1,207,019)**
Other expense	(3,621)	(1,385)	(2,377)	(1,979)	**(1,661)**
Share of results of associates and joint venture	4,607	16,282	17,745	21,915	**(4,803)**
Finance costs	(823)	(898)	(4,805)	(10,563)	**(4,629)**
Profit before tax	462,813	685,434	935,192	1,162,437	**1,513,358**
Income tax expense	(126,746)	(182,252)	(239,077)	(291,553)	**(380,009)**
Profit for the year	336,067	503,182	696,115	870,884	**1,133,349**
Profits for the year attributable to:					
— Owners of the Company	328,444	490,511	673,525	845,693	**1,112,933**
— Non-controlling interests	7,623	12,671	22,590	25,191	**20,416**
	336,067	503,182	696,115	870,884	**1,133,349**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000	**2022** **RMB'000**
Assets					
Non-current assets	255,070	267,761	545,529	1,147,355	**976,607**
Current assets	2,297,362	7,303,306	8,898,653	9,990,568	**12,132,930**
Total assets	2,552,432	7,571,067	9,444,182	11,137,923	**13,109,537**
Liabilities					
Current liabilities	1,830,745	2,423,925	3,129,759	4,136,162	**5,185,062**
Non-current liabilities	28,558	24,894	67,644	112,999	**79,646**
Total liabilities	1,859,303	2,448,819	3,197,403	4,249,161	**5,264,708**
Total equity	693,129	5,122,248	6,246,779	6,888,762	**7,844,829**