

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



2024 ANNUAL REPORT



UP TO DO
耕新^{有為}

—— CORPORATE VISION ——

**BECOMING THE PRIME PROVIDER
OF THE COMPREHENSIVE PROPERTY ECOSYSTEM**

—— CORPORATE MISSION ——

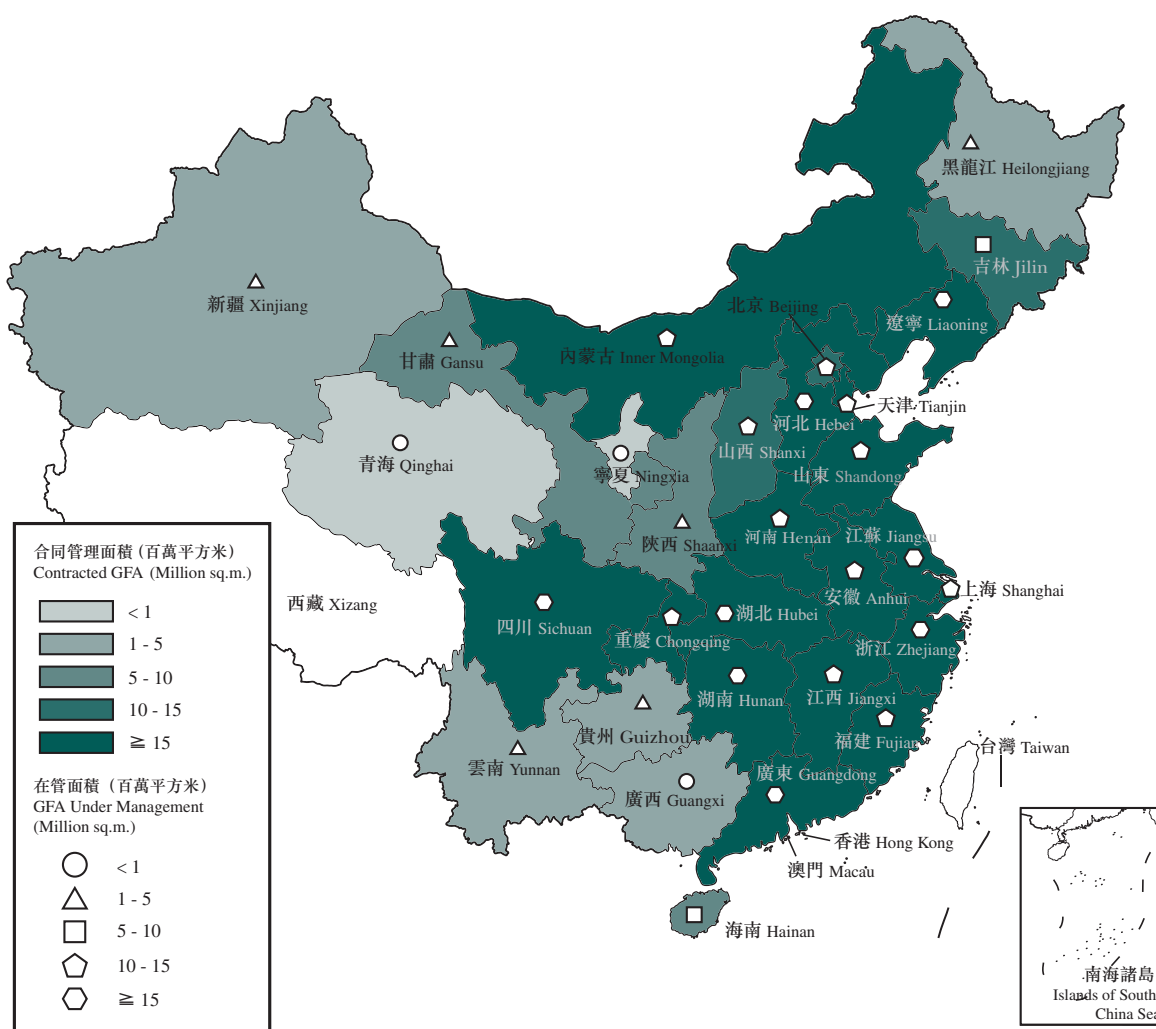
TO SERVE THE PEOPLE BY MANAGING AND ACHIEVING



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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 2024 Top100 Property Management Companies in China by the China Index Academy, the Group ranked second among the Top100 Property Management Companies in China and first among state-owned property management service companies. The Group has established an industry benchmark with outstanding service quality, with our brand valued at approximately RMB26.8 billion in 2024. 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 2024, the Group’s contracted gross floor area (“**GFA**”) amounted to approximately 988.1 million sq.m., with 3,230 contracted projects across 194 cities in 30 provinces, municipalities and autonomous regions in China. The GFA under management amounted to approximately 803.4 million sq.m., with 2,821 projects under management.



CORPORATE INFORMATION

(As at 31 March 2025, 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. Huang Hai (*resigned on 31 March 2025*)

Independent Non-executive Directors

Mr. Wang Xiaojun

Ms. Tan Yan

Mr. Zhang Liqing

BOARD COMMITTEES

Audit Committee

Ms. Tan Yan (*Chairman*)

Mr. Huang Hai (*resigned on 31 March 2025*)

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

Strategy and Sustainability Committee

Ms. Wu Lanyu (*Chairman*)

Mr. Liu Ping

Mr. Huang Hai (*resigned on 31 March 2025*)

Ms. Tan Yan

Mr. Zhang Liqing

SUPERVISORY COMMITTEE

Ms. Liao Moqiong (*Chairman*)

Mr. Yang Haibo

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

Level 8, 728 King's Road, Quarry Bay

Hong Kong

LEGAL ADVISORS

Han Kun Law Offices LLP

Rooms 4301-10, 43/F

Gloucester 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

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COMPANY WEBSITE

www.polywuye.com

STOCK CODE ON THE HONG KONG STOCK EXCHANGE

06049

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

	Year ended 31 December	
	2024	2023
Revenue (RMB million)	16,342.3	15,061.9
Gross profit (RMB million)	2,984.3	2,953.1
Gross profit margin	18.26%	19.61%
Profit for the year (RMB million)	1,489.4	1,397.2
Net profit margin	9.1%	9.3%
Profit for the year attributable to owners of the Company (RMB million)	1,473.9	1,380.1
Basic earnings per share (RMB)	2.683	2.505
Return on shareholders' equity (weighted average)	16.2%	16.9%

* On 18 February 2022, the shareholders of the Company ("**shareholders**") approved the adoption of a restricted share incentive scheme. During the year ended 31 December 2024, 1,363,098 H shares of the Company were vested and 116,536 H shares of the Company were lapsed and sold in the secondary market by an independent trustee appointed by the Company (during the year ended 31 December 2023, 3,878,200 H shares were purchased by the trustee appointed by the Company from the secondary market). The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 December 2024 (the "**year**" or "**period**") and for the year ended 31 December 2023 was 549,319,000 and 550,900,000, respectively. Details are set out in note 28 to the consolidated financial statements in this annual report.

SUMMARY OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December	
	2024	2023
Total assets (RMB million)	16,781.2	14,877.3
Cash and bank balances (RMB million)	11,866.7	11,011.5
Total equity (RMB million)	9,871.3	8,876.5
Gearing ratio	41.2%	40.3%

MAJOR EVENTS IN 2024

In March 2024, Poly Property, together with China Agriculture Film and Television Center of the Ministry of Agriculture and Rural Affairs, developed a program to empower rural revitalization and specifically launched the Journey of Flourishing Core 《芯新向榮的旅程》 series micro videos which were broadcast on CCTV-17, an agriculture channel. Through the videos, Poly Property and common people across the country got to understand the value of "soft infrastructure" created by property service innovation in coordination with grassroots social governance in the course of providing public services and serving rural revitalization.



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In April 2024, the Guidelines for the Standardization of Basic Public Services, which is a national standard that Poly Property participated in drafting, was officially released for implementation, marking its another solid step in the field of public services. Since 2016, Poly Property, by proactively working together with local governments, has promoted grassroots social governance across the region with innovative governance models and professional quality services, given support to reinvigorate urban areas and injected new momentum into the urban-rural integrated development.

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In June 2024, at the SFME (上海國際企業行政與後勤採購博覽會), Poly Property worked with Tsinghua University's technical team to formerly establish industry-academia-research collaboration on energy management and launch a whole-chain business on IEIM energy management, aiming to jointly deliver green services aligned with the new era of quality productivity.



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In May 2024, as one of the course videos posted on "elearning.tcsasac.com", the project case of Canton Tower, which is under the management of Poly Property, served as an outstanding case for all Party members within central enterprises to follow the guidelines set forth in the Circular Concerning Training in Rotation of Party Members and Cadres of Central Enterprises on Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era 《關於開展習近平新時代中國特色社會主義思想中央企業黨員幹部輪訓的通知》 jointly issued by the Organization Department of the CPC Central Committee, the Central Party School (the National School of Administration) and the State-owned Assets Supervision and Administration Commission of the State Council.

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In July 2024, the "2024 State-owned Assets and Enterprises Comprehensive Logistics Service High-quality Development Forum and the First Session of State-owned Assets Service Forum" (2024 國資國企綜合後勤服務高質量發展論壇暨第一屆國資服務論壇), co-organized by Poly Property, was held in Beijing. Nearly 300 attendees, including leaders from relevant departments and committees, industry experts and university scholars, along with representatives from 80 government units and state-owned assets and enterprises across 17 provinces, such as the National Government Offices Administration, China Development Bank, China Life and Datang Group, participated in the forum. Taking its comprehensive logistics services as a breakthrough, Poly Property has explored another business track with first-mover advantage and competitiveness for its large-scale property management strategy.



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In October 2024, the 2024 Global High-end Lifestyle Service Design Summit (2024 年全球高奢生活服務設計峰會) kicked off at Poly Opus One, at which Poly Property presented its service report, From "Family Assets" to "Family Permanent Assets" - The Value Watershed of Contemporary High-end Property Services 《從“家庭資產”到“家族恒產”——當代高端物業服務價值分水嶺》, and officially launched its refreshed Oriental Courtesy service globally, establishing the Poly Oriental Courtesy Academy of High-end Service.



In November 2024, Poly Property partnered with the China Small Animal Protection Association to host the first pet-related public welfare event at Poly Grand Mansion in Guangzhou. Poly Property joined efforts from homeowners, street offices and neighborhood committees, actively propelling the development of pet-friendly communities. Since its pilot launch in May, the "Catman Volunteer Team" (猫猫侠志愿隊), which was initiated by Poly Property and enthusiastically supported by homeowners, has grown to consist of nearly 800 members, providing shelter and protection for stray cats, and becoming a highlight of the Poly community.

In December 2024, leveraging a deep insight into the demands of various parties, Poly Property endeavored to address their pain points and difficulties. With three-dimensional standardization as the cornerstone and digital work orders as the core, it focused on responding to customer needs and provided guidance throughout the entire service process. It has designed and developed a dual-center service model, comprising a "Digital Command Center" and a "Customer Response Center," to ensure effective service implementation.



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In December 2024, the closing ceremony of the ninth Poly Spark Class was held in the auditorium of Shanxi Vocational University of Engineering Science and Technology. After three months of professional training, 45 Spark Class students will officially join Poly Property. The "Poly Spark Class" represents a key support initiative for Poly to practice its rural revitalization strategy, which employs a "training + employment" model to achieve the goal of training one person, employing one person and supporting one family. Since 2018, nine semesters have been successfully held, with 625 students graduating after training and securing employment in multiple cities across the country.



In December 2024, Poly Property established a dedicated task force for school-enterprise collaborations, signing contracts with 17 new schools and enterprises, which has brought the total number of new and ongoing partnerships nationwide to 43. By the end of November, nearly 500 interns had reported to work. This initiative has injected new blood into the Company's development while providing students with a platform to learn and practice, effectively fostering resource sharing and giving play to complementary advantages among schools and enterprises.



AWARDS AND HONOURS



No.	Awards	Awarding Entity
1	TOP 2 in 2024 TOP 100 Property Management Companies in China	Beijing China Index Academy
2	TOP 2 in 2024 Top 500 of China Property Management Companies	CRIC Property Management/China Property Management Research Association
3	TOP 1 in 2024 Top 100 State-owned Property Management Companies in China	CRIC Property Management/China Property Management Research Association
4	TOP 2 in Top 100 Chinese Property Enterprises with Service Capability in 2024	CRIC Property Management/China Property Management Research Association
5	2024 Top 20 Listed Company of Property Management Service	CRIC Property Management/CRIC Information
6	2024 China Leading Operation Brand of Specialized Property Service Companies (brand value of RMB26.8 billion)	Beijing China Index Academy
7	2024 China TOP 10 Property Management Companies in terms of Business Size	Beijing China Index Academy



No.	Awards	Awarding Entity
8	2024 China TOP 10 Property Management Companies in terms of Business Performance	Beijing China Index Academy
9	2024 China Leading Property Management Companies in terms of Service Quality	Beijing China Index Academy
10	2024 Leading Companies in Smart City Service of China's Property Management	Beijing China Index Academy
11	2024 China Excellent State-owned Property Management Companies	Beijing China Index Academy
12	2024 China Service-Red Property Service Leading Company	Beijing China Index Academy
13	2024 Leading Companies of China in Facility Management	CRIC Property Management/China Property Management Research Association

DEAR SHAREHOLDERS,

On behalf of the board of directors, I am pleased to present the annual results of the Group for the year ended 31 December 2024. During the year, the Group recorded a revenue of approximately RMB16,342.3 million, representing an increase of approximately 8.5% as compared to the corresponding period of 2023; a profit for the year of approximately RMB1,489.4 million, representing an increase of approximately 6.6% as compared to the corresponding period of 2023; and a profit for the year attributable to owners of the Company of approximately RMB1,473.9 million, representing an increase of approximately 6.8% as compared to the corresponding period of 2023.

A REVIEW OF 2024

The property services industry has maintained steady overall development, while the growth of market scale has slowed down, with enterprises facing dual challenges of internal capability restructuring and intensified external competition. As a leading player in the industry, the Group adheres to high-quality development as its core principle, and strengthens its core competitiveness through multiple aspects including market expansion, product and service offerings, management and operations, as well as community and industry planning, resolutely adhering to a long-term-oriented development strategy.

1. *Achieved improvements in both scale and quality through high-quality market expansion*

In 2024, the Group advanced in its “three ploughing” strategy for market expansion, achieving simultaneous improvements in both expansion scale and quality through the establishment of a dynamic equilibrium mechanism that balances scale, efficiency and cash flow. In terms of scale, the single-year contract value of newly expanded third-party projects of the Group amounted to approximately RMB3,005.2 million, setting a new record high and achieving stable growth. In terms of quality, the structure of our market expansion has made improvements across multiple aspects. First, the single-year contract value of newly expanded third-party projects in 50 core cities accounted for approximately 79.5%, with the single-year contract value of newly expanded third-party projects in six cities, including Beijing, Guangzhou, Shanghai, Chengdu, Changsha and Tianjin each exceeding RMB100 million. Second, our non-residential sectors underwent structural optimization, with the single-year contract value of newly expanded projects under the five core sectors of commercial and office buildings, urban scenic areas, higher education and teaching and research properties, railways and transportation properties, and hospital properties accounting for approximately 75.9%, representing a year-on-year increase of approximately 10.3 percentage points. Third, we recorded an increase in the number of large-scale projects, with the number of newly expanded third-party projects with single-year contract value exceeding RMB10 million reaching 90, accounting for approximately 65.0% of the single-year contract value of newly expanded projects. Benefiting from the scientific selection of projects for expansion, the Group effectively guaranteed its operating cash flow. During the year, the combined return rate of public services and commercial and office buildings sectors recorded a year-on-year increase of 1.4 and 0.2 percentage points, respectively, achieving high-quality expansion while guaranteeing cash flow.

2. *Enhanced our core competitiveness through high-quality product and service offerings*

The Group adhered to a long-term-oriented development strategy and continuously enhanced product development and service experiences, insisting on gaining market recognition through quality. In terms of residential service products, the Group upgraded services across 35 scenarios, such as child protection, elderly care and emergency response, based on the six core service principles of its customer experience evaluation system, "ITRUST", thereby elevating the living experience for diverse customer groups in multiple dimensions. The Group established the "Poly Oriental Courtesy Academy of High-end Service" and facilitated the nation-wide implementation of benchmarking projects to strengthen its professional product capabilities. In terms of commercial and office buildings service products, the Group launched the "Super Fast Charging" service model, focusing on upgrading production-support service coverage for state-owned enterprises and customers in the industries driven by new quality productive forces, and collaborated with a technical team from Tsinghua University to develop the "IEIM Integrated Energy Intelligent Management System", to provide professional, green and low-carbon services for commercial and office buildings. In terms of public service products, leveraging its expertise in property services and its customized service offerings covering diverse sectors and scenarios, the Group established various specialized service systems for various sectors, realizing an advancement from property services to comprehensive operation services.

3. *Improved resource allocation efficiency through high-quality management and operation*

Amid intensifying market competition, the Group optimized and adjusted its cost structure across multiple dimensions, including organizational model, management system and management tools, realizing cost efficiency and effective output. First, in terms of organizational structure, the Group adhered to the principle of being streamlined and agile, and reallocated human resources across front-, middle-, and back-office operations to improve the output efficiency of resource allocation. Second, in terms of management system, the Group developed an integrated system combining service standards, operational processes and operational controls, facilitating synchronized improvements in efficiency and quality while refining management precision. Third, in terms of business operations, the Group strengthened economies of scale by completing the reconstruction of 52 regional project clusters and intensifying centralized procurement efforts across supply chains in several high-density areas, achieving cost efficiency in core cost areas. In terms of management tools, the Group continued to expand the application of digital technologies. During the year, it established a constructive link between its digital command center and customer response center to enable full-process tracking of work orders and second-level responses to customers' demands, significantly boosting its service efficiency and the service experience for property owners. Benefiting from the continuous improvement in operations and management, during the year, the Group maintained a relatively stable gross profit margin in property management services, and recorded a year-on-year decrease in administrative expenses by approximately 8.5%, and a decrease in their ratio to revenue by approximately 1.2 percentage points.

4. ***Anchored demand-driven differentiated opportunities through high-quality layout in communities and industries***

Faced with intensified competition in the community living services market, the Group focused more on the real needs of property owners and identifying their unmet personalized pain points within community scenarios. Leveraging its advantages in offline services, the Group conducted in-depth screenings of product offerings and supply chain solutions tailored to the needs of property owners, strengthened the organizational synergy between professional teams and project personnel, and refined and optimized selected products, achieving a transition from full-category offerings to a focus on core individual products. In terms of community housekeeping, the Group launched self-operated housekeeping products that employ a staff-based system and an unattended trusteeship model, significantly improving customer experience and achieving a customer satisfaction rate of 97%. The Group upgraded the “Hé Market”, a community living service brand, and by integrating community culture IP operation and a precise product selection mechanism, it successfully created over 20 products generating RMB1 million each and nearly 10 blockbuster products generating RMB10 million each. In terms of asset services, the Group accelerated the deployment of real estate asset services, with second-hand property rental and sales service as the focus. During the year, revenue from “Poly Real Estate Custody” increased by approximately 51.0% year-on-year. The Group also expanded its in-depth professional capabilities in engineering services and positioned itself for future opportunities in trending industries by focusing on housing repairs, electrical and mechanical maintenance, and energy retrofitting.

FUTURE OUTLOOK

In a complex and ever-changing market environment, the industry as a whole has retained its fundamental attributes of asset-light operations, strong cash flows and a focus on ensuring livelihood services. At the same time, with intensifying market competition and rising customer expectations for service quality, property service companies face new opportunities and challenges in their development. Leading high-quality enterprises are increasingly focusing on developing their core capabilities and further highlighting their competitive advantages, which will also drive an overall enhancement in industry-wide service capabilities and reshape the ecological landscape.

Market expansion pivoting from scale-first to a balanced approach that prioritizes both scale and quality.

Amid macroeconomic fluctuations and market volatility in the industry, market expansion is exhibiting divergent trends across regions, sectors and customers, posing potential challenges to certain expansion projects in terms of cash flow and profitability. A clear expansion strategy, scientific project screening and rigorous expansion discipline will be critical to ensuring high-quality expansion. Leading property enterprises are increasingly focused on strategic alignment, in-depth cultivation of capabilities and value innovation during the expansion process, striving to achieve precise deployment and optimal allocation of resources. First, we will improve the efficiency of resource allocation to enhance business density in core cities and core business clusters; second, we will strengthen our capabilities in core sectors and build our competitive advantages and product appeal in sub-sectors based on quality sectors; and third, we will tap deeper into the value of quality customers, customize our product mix with a focus on strategic customers, and build a full-chain service system.

Focusing on service quality and reshaping core industry value. As the concept of “good houses with high-quality services” gains widespread recognition, customers’ demand for a better living experience continues to rise, thereby heightening expectations for property service quality. This will drive the industry to place greater emphasis on the foundation of quality services and to deeply build a service system oriented by customer needs. First, in terms of customer insight, we will shift from an enterprise perspective to a customer perspective, and identify a multi-tiered demand system based on community scenarios; second, in terms of service design, we will employ scenario-based thinking to deconstruct service processes, optimize customer response pathways, and achieve more refined service granularity and enhance customer experience; third, in terms of organizational culture, we will strengthen the service-oriented mindset within the enterprise, embedding the “customer-centric” principle across all positions through cultural immersion, thereby achieving the organic integration of a standardized service framework with personalized service flexibility.

Lean operations becoming the key pivot for efficiency enhancement. Amidst high-quality development with new quality productive forces as the core, technological applications such as artificial intelligence, robotics and the Internet of Things are reshaping the landscape of industrial efficiency. Optimizing cost structures to meet customers' needs has become an important focus for property enterprises at the current stage. Enhancing refined operation capability has become a robust measure to actively address operational challenges in the industry. First, we will focus on the re-definition of cost function and the reallocation of cost investment, to enhance cost-output efficiency and technological innovation practice, which will in turn upgrade operational workflows; second, we will upgrade digital operational tools to ensure the accessibility and stability of management on service standards, so as to promote the comprehensive improvement in business operational efficiency; and third, we will streamline management hierarchies through organizational optimization and project-linked management to improve the transmission efficiency of key information and the effectiveness of professional problem-solving.

Industry development bringing new challenges to organizational capability. Amidst the accelerated transition of the industry to modern comprehensive services, the construction of organizational capabilities will be an important strategic pillar to effectively support the balanced allocation of resources and synchronized development of businesses across regions, sectors and industries. In order to build a resilient, professional and efficient organization, it is essential to construct an organizational form with projects as the smallest operational unit, supported by a matrix of professional business departments, and empowered by functional middle-end and back-end management, thereby realizing the organic synergy of localized service and verticalized control, which is also the backbone for the achievement of strategic goals. Meanwhile, the development of a corporate talent supply chain and the continuous upgrade of the strategic talent pipeline will help ensure the succession and standardized implementation of enterprise's service philosophy.

Looking ahead, Poly Property will focus on the corporate vision of becoming "the leading provider of the comprehensive property ecosystem." At the intersection of the conclusion of the "14th Five-Year Plan" and the rollout of the "15th Five-Year Plan", we will adhere to the guiding principle of "delivering excellence in quality, market, operation and organization", accelerate the innovation of the property service model and the upgrade of capabilities, and empower modern grassroots governance and residents' better life.

POLY PROPERTY SERVICES CO., LTD.

Wu Lanyu

Chairman of the Board and Executive Director

Guangzhou, the PRC, 31 March 2025

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 2024 Top 100 Property Management Companies in China by the China Index Academy, the Group ranked the second among the Top 100 Property Management Companies in China and the first among state-owned property management companies. The Group has established itself as a benchmark in the industry with excellent service quality and its brand was valued at approximately RMB26.8 billion in 2024. The Group adheres to its corporate mission of “to serve the people by managing and achieving” (善治善成，服務民生), and is working to build a strategic ecosystem of “Comprehensive Property” through a full range of services to satisfy the diversified needs of its customers. The Group’s service network covers residential communities, commercial and office buildings and public and other properties. As at 31 December 2024, the Group’s contracted gross floor area (“GFA”) and GFA under management was approximately 988.1 million sq.m. and 803.4 million sq.m. respectively, covering 194 cities across 30 provinces, municipalities and autonomous regions in China.

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 71.4% of the total revenue

For the year ended 31 December 2024, the Group’s revenue from property management services amounted to approximately RMB11,674.5 million, representing an increase of approximately 15.0% as compared to the corresponding period of 2023, which was 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:

Source of project	As at 31 December					
	2024			2023		
	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)	358,730	36.3	1,714	341,828	37.1	1,564
Third parties (Note 2)	629,395	63.7	1,516	580,377	62.9	1,505
Total	988,125	100.0	3,230	922,205	100.0	3,069

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 Group Co., Ltd. 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 has benefited from the steady development of Poly Developments and Holdings Group, its controlling shareholder, and continued to secure high-quality projects resources. Poly Developments and Holdings Group was awarded the title of “Leading Brand in China’s Real Estate Industry” (中國房地產行業的領導公司品牌) for 15 consecutive years. In 2024, Poly Developments and Holdings Group realized a contracted sales amount of approximately RMB323.03 billion, ranking the first in the industry. As at 31 December 2024, the contracted GFA from Poly Developments and Holdings Group was approximately 358.7 million sq.m..

The Group has continued to deepen its market-oriented development strategy and maintained its industry-leading position in terms of the expansion scale of third-party projects during the year. In particular, the single-year contract value of newly expanded projects from third parties amounted to approximately RMB3,005.2 million and the single-year contract value of projects newly signed with third parties amounted to approximately RMB2,546.8 million (excluding renewed projects). As at 31 December 2024, the contracted GFA of projects from third parties was approximately 629.4 million sq.m., accounting for approximately 63.7% of the total contracted GFA.

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:

Source of projects	Year ended 31 December or as at 31 December									
	2024					2023				
	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 <i>(Note)</i>	6,687,193	57.3	277,810	34.6	1,476	5,983,649	58.9	254,256	35.3	1,279
Third parties <i>(Note)</i>	4,987,296	42.7	525,609	65.4	1,345	4,168,532	41.1	465,327	64.7	1,186
Total	11,674,489	100.0	803,419	100.0	2,821	10,152,181	100.0	719,583	100.0	2,465

Note: See note 1 and note 2 on page 14.

As at 31 December 2024, the Group's GFA under management from Poly Developments and Holdings Group amounted to approximately 277.8 million sq.m., representing an increase of approximately 23.6 million sq.m. as compared to that as at the end of 2023. For the year ended 31 December 2024, revenue from the property management services of Poly Developments and Holdings Group amounted to approximately RMB6,687.2 million, representing an increase of approximately 11.8% as compared to the corresponding period of 2023, and accounted for approximately 57.3% of the total revenue from property management services.

The continuous commitment to expand third-party projects injected powerful momentum for the Group's sustainable development. As at 31 December 2024, the Group's GFA under management of projects sourced from third parties reached approximately 525.6 million sq.m., representing an increase of approximately 60.3 million sq.m. as compared to the end of 2023, and accounted for approximately 65.4% of the total GFA under management. For the year ended 31 December 2024, revenue from property management services to third parties amounted to approximately RMB4,987.3 million, representing an increase of approximately 19.6% as compared to the corresponding period of 2023, and accounted for approximately 42.7% of the total revenue from property management services, representing a year-on-year increase of approximately 1.6 percentage points.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Type of projects	Year ended 31 December or as at 31 December									
	2024					2023				
	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	6,779,510	58.1	314,216	39.1	1,654	5,923,762	58.3	289,374	40.2	1,447
Non-residential properties	4,894,979	41.9	489,203	60.9	1,167	4,228,419	41.7	430,209	59.8	1,018
– Commercial and office buildings	1,951,744	16.7	39,961	5.0	454	1,610,044	15.9	29,232	4.1	353
– Public and other properties	2,943,235	25.2	449,242	55.9	713	2,618,375	25.8	400,977	55.7	665
Total	11,674,489	100.0	803,419	100.0	2,821	10,152,181	100.0	719,583	100.0	2,465

In the field of residential communities, the Group adhered to the “customer-centric” service philosophy and established a system comprising three residential property service brands, namely “Oriental Courtesy”, “Elegant Life” and “Harmony Courtyard”. The Group has led the way in setting a new benchmark for quality services with six value dimensions: “Under-control, Intelligent, Specialized, Rich-atmosphere, Transparent, and Taking-care”, achieving a paradigm shift in project service systems from scene creation to experience enhancement. As at 31 December 2024, the GFA under management of the Group in residential communities was approximately 314.2 million sq.m. For the year ended 31 December 2024, revenue from property management services for residential communities amounted to approximately RMB6,779.5 million, representing an increase of approximately 14.4% as compared to the corresponding period of 2023.

Oriental Courtesy

With a brand philosophy of “perceiving emotions and delivering courtesy”, “Oriental Courtesy” high-end residential service brand crafts a security system guaranteed by three processes and six aspects, provides double butler services, and establishes a community culture system based on four acts of etiquette and eight acts of courtesy, endowing community culture with profound spiritual essence and resource allocation, and curating reverent sophistication that permeates every moment of daily life.



Elegant Life

“Elegant Life” aligns with the new middle class’s service demands of “efficiency first”, “quality consumption” and “aesthetic economy” by equipping property owners with smarter facilities and delivering more appealing service offerings, to create an elegant and leisurely living atmosphere.



Harmony Courtyard

“Harmony Courtyard” provides companionship services with “sincerity, kindness, beauty and harmony” by adhering to the value proposition of “warming homes”, with an aim to build ideal communities featuring “shared construction, governance and possession”, cultivate a courtyard culture featuring companionship, and create a sound community atmosphere for property owners.



MANAGEMENT DISCUSSION AND ANALYSIS

In the field of commercial and office buildings, the Group has leveraged its property service brand of “Nebula Ecology” to provide integrated “trinity services” including property management, asset management and corporate services. The Group held the industry’s first State-Owned Asset Services Forum in Beijing and launched the “Super Fast Charging” service model, on the basis of the traditional commercial property services while focusing on upgrading in areas of integrated facilities and equipment services, productive support protection, etc. By embedding into the production and living spaces of the enterprises, the Group provided comprehensive support across production, operations, office work, and living for these enterprises. During the year, the Group achieved great success in expanding its clientele in the high-end manufacturing industry and strategic emerging industries, and secured a number of projects from industry-leading clients, such as NetEase (Hangzhou) Park Phase II and Qingdao Haier (Development Zone) Industrial Park. Meanwhile, the Group further enhanced its advantages in client expansion in the financial sector, with new high-quality projects secured during the year, including the headquarters of Industrial and Commercial Bank of China, and the headquarters of China Construction Bank. As of 31 December 2024, the GFA under management of the Group in commercial and office buildings was approximately 40.0 million sq.m. During the year, the single-year contract value of newly expanded projects from third party’s commercial and office buildings by the Group amounted to approximately RMB1,114.3 million, representing a year-on-year increase of approximately 17.9%. For the year ended 31 December 2024, revenue from property management services for commercial and office buildings amounted to approximately RMB1,951.7 million, representing an increase of approximately 21.2% as compared to the corresponding period of 2023.



Nebula Ecology

Positioning as “state-funded services”, “Nebula Ecology” commercial and office service brand establishes a service model providing integrated “trinity services” including property management, corporate services and asset management, delivering professional and one-stop commercial service solutions for customers, and contributing to the high-quality development of the national economy.

In the field of public and other properties, the Group has established the property service brand of “Poly Public Services”, which is constructing a holistic service matrix with refined management and intelligent services, covering a number of sub-sectors such as urban scenic areas, higher education and teaching and research properties, railways and transportation properties, hospital properties, government offices and urban public facilities. Based on its diverse omni-channel service expertise, the Group iterated and upgraded the “Holistic Flywheel” model, under which it has formed two major benchmark projects in Jiaxing, Zhejiang and Haizhu, Guangzhou, injecting new vitality into the high-quality development of grassroots governance in urban areas. During the year, the Group continued to increase project density in core regions such as the Yangtze River Delta and the Pearl River Delta, successfully expanding 55 projects with each contract value exceeding RMB10 million, including holistic services in Zhouzhuang Ancient Town in Suzhou, Yanqian Area of Duanzhou District in Zhaoqing and Yonghan Town in Huizhou. For the year ended 31 December 2024, the single-year contract value of newly expanded projects from public and other properties by the Group amounted to approximately RMB1,639.8 million. For the year ended 31 December 2024, the Group’s revenue from public and other properties amounted to approximately RMB2,943.2 million, representing an increase of approximately 12.4% as compared to the corresponding period of 2023, and accounted for approximately 25.2% of the total revenue from property management services.

Poly Public Services

Poly Public Services is a new “trinity” management approach jointly explored by Poly Property and the government, which has established a new management model of public services based on the theory of public services, where the government takes the leading role while Poly Property acts as the service provider with active participation from service subjects. Poly Public Services iterates and upgrades the “Holistic Flywheel” model, adheres to forge a primary engine for the high-quality development of cities, and optimizes its public services product system – “one core, four manners and nine scenarios”, to provide full-spectrum, comprehensive and integrated solutions for the high-quality development of the governance at primary level.



Steady increase in the average property management fee per unit

Benefiting from the optimization of new project locations and price increase for certain projects under management, the Group achieved a structural increase in the average property management fee per unit.

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

	Year ended 31 December		
	2024	2023	Changes (RMB)
	(RMB/sq.m./month)		
Residential communities	2.41	2.31	Increased by 0.10
– Poly Developments and Holdings Group	2.51	2.41	Increased by 0.10
– Third parties	1.87	1.82	Increased by 0.05

MANAGEMENT DISCUSSION AND ANALYSIS

Value-added services to non-property owners – representing approximately 12.0% 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, delivery and engineering maintenance, etc.

Value-added Services to Non-property Owners

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



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

Service Type	Year ended 31 December			
	2024		2023	
	RMB'000	Percentage of revenue %	RMB'000	Percentage of revenue %
Pre-delivery services	1,039,620	53.0	1,147,848	54.8
Office leasing	312,855	16.0	388,201	18.5
Other value-added services to non-property owners	607,628	31.0	557,267	26.7
Total	1,960,103	100.0	2,093,316	100.0

The Group's revenue from value-added services to non-property owners for the year ended 31 December 2024 was approximately RMB1,960.1 million, representing a decrease of approximately 6.4% as compared to the corresponding period of 2023, which was mainly due to (i) the decrease in scale of the Group's pre-delivery business; (ii) the decrease in the revenue of the Group's office leasing business due to the dynamic adjustment in market supply and demand. During the year, the Group's revenue from other value-added services to non-property owners was approximately RMB607.6 million, representing a year-on-year increase of approximately 9.0%, which was attributable to the structural improvement in our business portfolio as a result of the expansion of the engineering maintenance business and the extension of the real estate service chain.

Community value-added services – representing approximately 16.6% of the total revenue

The Group leveraged on its advantage in community scenarios under a “products + services” approach. Based on community assets and community living scenarios, the Group has built a value-added services ecosystem covering home furnishing services, parking space agency services, house rental and sales agency services, community retail, housekeeping services, parking lot services, space operations and other services, catering for the customized service needs of property owners, and improving living convenience and happiness.

Community Value-added Services

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



The Group's revenue from community value-added services for the year ended 31 December 2024 was approximately RMB2,707.7 million, representing a decrease of approximately 3.9% as compared to the corresponding period of last year. Against the backdrop of volatile community consumption sentiment and intensifying market competition, the Group proactively promoted the optimization and adjustment of business structure. On the one hand, the Group strove to meet customers' demand to improve its product and service offerings. On the other hand, the Group focused on differentiated opportunities with advantages in property scenario for its core sectors such as community retail, housekeeping services, house rental and sales agency services and home furnishing services, with a view to further polish its core individual products and elevate property owners' satisfaction.

FUTURE DEVELOPMENT

Confronted with a complicated and ever-changing external environment, the Group will maintain its long-term strategic resilience, and adapt to the development trends of the industry with positive and prudent operational strategies, aiming to broaden the moat of its market competitive advantages. In 2025, the Group will focus on “prioritizing quality and efficiency while deepening excellence in quality, market presence, operation and organization” as its guiding principle, emphasizing the strengthening of core capabilities, and pursuing both stability and advancement, and achieve a high-quality conclusion to the “14th Five-Year Plan”.

Driving high-quality market expansion through density enhancement

The Group will adopt a core strategy of increasing project density and building a quality foundation, with a deep focus on urban distribution, business ecosystem value and customer quality to maintain adherence to high-quality expansion. For density in terms of cities, we will take into account the characteristics of the industrial chain layout to precisely allocate resources through a “city-specific strategy” approach, as well as enhance our presence density in core cities to improve regional penetration and amplify cluster synergy. For density in terms of operations, we will leverage our brand advantages in state-owned asset services, focus on our core sectors such as commercial and office buildings, urban scenic areas and existing residential projects to strengthen our differentiated service advantages, as well as concentrate on the rapid reproduction and promotion of benchmarking projects to increase the market shares of our segment operations. For density in terms of customers, we will focus on maintaining sound relationships with customers which are major state-funded enterprises and those in new industries or engage in livelihood infrastructure, leveraging on our advantages of cross-industry synergies to deliver integrated solutions, address customers’ diverse needs and strengthen customer retention management, so as to realize enhancement of density in terms of quality resources.

Enhancing customer experience to establish industry quality benchmarks

With the core philosophy of “Quality Drives Value”, the Group will establish a comprehensive customer experience management system, embedding quality excellence throughout the entire operational chain. First, the Group will adopt a property owners’ experience-oriented approach and continuously strengthen service culture and client-centric awareness, to cultivate an atmosphere where all personnel are committed to delivering exceptional services. Second, the Group will upgrade smart management tools, leverage digital command centers and client response hubs to enhance its capability in professional and efficient service delivery, and further refine its service standards, in order to promote improvements in service efficiency, service quality and customer satisfaction. Third, the Group will systematically enhance capabilities in community asset services and community living services, to provide over 2 million property owners with more convenient and cost-effective living services, and create a community living services ecosystem.

Strengthening industry capabilities and positioning for new growth opportunities

Following a period of exploration into value-added services, the property industry is now entering a critical phase of defining its industry positioning and accelerating industrial development. Leveraging its scenario-based advantages in community living and community assets, the Group will focus more on asset operation and service sectors centered around housing and community assets during the industrial development of community ecosystem. Particularly regarding existing asset operation, the Group will continue to build comprehensive service capabilities covering operation, rental and sales, and maintenance of various types of assets. Simultaneously, the Group will closely monitor policy opportunities, such as housing pension funds, developing integrated housing engineering and renovation service capabilities including housing repairs and energy-saving renovations.

Deepening organizational reforms to empower business growth and improve efficiency

Through a core strategic focus on upgrading organizational capabilities, the Group will build a resilient and efficient organizational system aligned with the development needs of the Company. First, the Group will strengthen its core professional competencies. Through reforms of business departments and the establishment of vertical specialized companies, the Group will enhance the construction of professional capabilities in its core sectors, and increase resource investment in incubating industries, to boost its market competitiveness. Second, the Group will improve regional platform management efficiency. The Group will focus on the development of platform professionalism and the establishment of a

synergetic mechanism across industries and regions, to cultivate development synergies. Third, the Group will deepen talent selection and deployment mechanisms, fortify its organization with multi-tiered talent reserves, and inspire organizational momentum with a precise and effective incentive mechanism, thereby providing effective strategic support for the high-quality development of the Company.

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				
	2024		2023		Growth rate
	Revenue RMB'000	Percentage of revenue %	Revenue RMB'000	Percentage of revenue %	
Property management services	11,674,489	71.4	10,152,181	67.4	15.0
Value-added services to non-property owners	1,960,103	12.0	2,093,316	13.9	-6.4
Community value-added services	2,707,720	16.6	2,816,361	18.7	-3.9
Total	16,342,312	100.0	15,061,858	100.0	8.5

For the year ended 31 December 2024, the total revenue of the Group amounted to approximately RMB16,342.3 million (2023: approximately RMB15,061.9 million), representing an increase of approximately 8.5% as compared to the corresponding period of 2023, which was mainly due to the increase in the revenue of property management services driven by the continuous expansion in the management scale of the Group.

Cost of services

During the year, the cost of services of the Group amounted to approximately RMB13,358.0 million (2023: approximately RMB12,108.8 million), representing an increase of approximately 10.3% as compared to the corresponding period of 2023. The increase in the cost of services was mainly due to the corresponding increase in services costs as a result of the expansion of GFA under management and the increase in the number of projects under management of the Group.

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					
	2024			2023		
	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	1,673,449	56.1	14.33	1,481,077	50.2	14.59
Value-added services to non-property owners	313,967	10.5	16.02	391,241	13.2	18.69
Community value-added services	996,890	33.4	36.82	1,080,773	36.6	38.37
Total	2,984,306	100.0	18.26	2,953,091	100.0	19.61

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2024, the Group's gross profit was approximately RMB2,984.3 million, representing an increase of approximately 1.1% as compared to approximately RMB2,953.1 million for the corresponding period of 2023. The Group's gross profit margin decreased from approximately 19.61% for the corresponding period of 2023 to approximately 18.26%.

For the year ended 31 December 2024, the Group's gross profit margin for property management services was approximately 14.33% (2023: approximately 14.59%), representing a decrease of approximately 0.26 percentage points as compared to the corresponding period of 2023.

For the year ended 31 December 2024, the Group's gross profit margin for value-added services to non-property owners was approximately 16.02% (2023: approximately 18.69%), representing a decrease of approximately 2.67 percentage points as compared to the corresponding period of 2023.

For the year ended 31 December 2024, the Group's gross profit margin for community value-added services was approximately 36.82% (2023: approximately 38.37%), representing a decrease of approximately 1.55 percentage points as compared to the corresponding period of 2023.

Other income and other gains and losses, net

For the year ended 31 December 2024, other income and other gains and losses, net was approximately RMB116.3 million, representing a decrease of approximately 14.7% as compared to approximately RMB136.3 million for the year ended 31 December 2023, primarily due to the decrease in additional deduction of VAT input tax.

Administrative expenses

For the year ended 31 December 2024, the total administrative expenses of the Group were approximately RMB1,122.0 million, representing a decrease of approximately 8.5% as compared to approximately RMB1,226.2 million for the year ended 31 December 2023. The administrative expenses of the Group accounted for approximately 6.9% (for the year ended 31 December 2023: approximately 8.1%) of the total revenue, representing a decrease as compared to the corresponding period of 2023.

Profit for the year

For the year ended 31 December 2024, the profit for the year of the Group was approximately RMB1,489.4 million, representing an increase of approximately 6.6% as compared to approximately RMB1,397.2 million for the corresponding period of 2023. The profit for the year attributable to owners of the Company was approximately RMB1,473.9 million, representing an increase of approximately 6.8% as compared to approximately RMB1,380.1 million for the corresponding period of 2023. The net profit margin was approximately 9.1%, representing a decrease of approximately 0.2 percentage points as compared to approximately 9.3% for the corresponding period of 2023.

Current assets, reserves and capital structure

For the year ended 31 December 2024, the Group maintained a sound financial position. As at 31 December 2024, the current assets amounted to approximately RMB13,636.0 million, representing a decrease of approximately 4.2% as compared to approximately RMB14,228.1 million as at 31 December 2023. As at 31 December 2024, the cash and bank balances of the Group amounted to approximately RMB11,866.7 million, including cash and cash equivalents of approximately RMB9,890.7 million and the principal of time deposits of approximately RMB1,976 million, representing an increase of approximately 7.8% as compared to approximately RMB11,011.5 million as at 31 December 2023. As at 31 December 2024, the gearing ratio of the Group was approximately 41.2%, representing an increase of approximately 0.9 percentage points as compared to approximately 40.3% as at 31 December 2023. Gearing ratio represents the ratio of total liabilities over total assets.

As at 31 December 2024, the Group's total equity was approximately RMB9,871.3 million, representing an increase of approximately RMB994.8 million or approximately 11.2% as compared to approximately RMB8,876.5 million as at 31 December 2023, which was primarily due to the contributions from the profits realised 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 2024, the Group's property, plant and equipment amounted to approximately RMB239.6 million, representing a decrease of approximately RMB2.3 million as compared to approximately RMB241.9 million as at 31 December 2023, which was primarily due to (i) the decrease in the procurement of assets and (ii) the provision for depreciation of the Group during the year.

Leased assets and investment properties

The Group's leased assets and investment properties mainly comprise leased assets, carpark spaces and clubhouses. As at 31 December 2024, the Group's leased assets and investment properties amounted to approximately RMB729.9 million, representing an increase of approximately RMB503.4 million as compared to approximately RMB226.5 million as at 31 December 2023, which was mainly attributable to (i) the increase of approximately RMB783.6 million in leased assets and investment properties as a result of the renewal of the property lease agreements with Poly Developments and Holdings for a term of three years (effective from 28 May 2024, for details of relevant agreements, please refer to the Company's announcement dated 22 April 2024 and circular dated 10 May 2024); and (ii) provision for depreciation.

Intangible assets

The Group's intangible assets primarily include property management contracts and goodwill obtained from acquisition of subsidiaries. As at 31 December 2024, the Group's intangible assets amounted to approximately RMB94.0 million, representing a decrease of approximately RMB9.9 million as compared to approximately RMB103.9 million as at 31 December 2023, which was primarily due to the amortisation of property management contracts.

Trade and bills receivables

As at 31 December 2024, trade and bills receivables amounted to approximately RMB2,815.8 million, representing an increase of approximately RMB475.2 million as compared to approximately RMB2,340.6 million as at 31 December 2023, which was primarily due to 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.

Prepayments, deposits and other receivables

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

As at 31 December 2024, prepayments, deposits and other receivables amounted to approximately RMB897.9 million, representing an increase of approximately 6.3% as compared to approximately RMB844.6 million as at 31 December 2023, which was mainly due to the increase in VAT receivables as a result of the VAT input tax not yet being fully deducted.

Trade payables

As at 31 December 2024, trade payables amounted to approximately RMB2,754.1 million, representing an increase of approximately 37.1% as compared to approximately RMB2,009.1 million as at 31 December 2023, which was primarily due to the expansion of the GFA under management of the Group and the continuous increase in the scale of subcontracting to independent third-party service providers.

MANAGEMENT DISCUSSION AND ANALYSIS

Accruals and other payables

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

As at 31 December 2024, accruals and other payables amounted to approximately RMB2,008.4 million, representing a decrease of approximately 7.1% as compared to approximately RMB2,161.2 million as at 31 December 2023, which was mainly due to the accelerated payment progress of deposits and salaries.

Borrowings

As at 31 December 2024, the Group had no borrowings or bank loans.

PLEDGE OF ASSETS

As at 31 December 2024, the Group had no pledge of assets.

SIGNIFICANT INVESTMENT, MAJOR ACQUISITION AND DISPOSAL AND FUTURE PLANS

The Group had no significant investment, major acquisition and disposal for the year ended 31 December 2024. In addition, except for the sections headed “Future Development” in “Management Discussion and Analysis” in this report and the expansion plans disclosed in the Company’s announcement on the update status of the expected timetable on the use of proceeds dated 31 December 2024, the Group did not have other special plans on significant investments, major 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 2024, the Group had used approximately HK\$4,057.9 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, the announcement on the update status of the expected timetable

MANAGEMENT DISCUSSION AND ANALYSIS

on the use of proceeds dated 30 December 2022 and the announcement on the further change of use of proceeds from the global offering dated 31 December 2024 (the “**Announcement**”) of the Company. The unutilised net proceeds of approximately HK\$1,160.3 million will be allocated and used in accordance with the use and proportions as set out in the Announcement. Details of the specific use are as follows:

Revised 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	Revised and adjusted net proceeds unutilised as of 31 December 2023 HK\$ millions	Net proceeds actually utilised as of 31 December 2024 HK\$ millions	Revised net proceeds unutilised as of 31 December 2024 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 business collaborative partners	14.5	756.6	582.3	202.9	553.8	On or before 31 December 2027
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	–	3,261.4	0.0	N/A
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	5.0	260.9	198.7	74.2	186.8	On or before 31 December 2027
Working capital and general corporate purpose	18.0	939.3	448.3	519.5	419.8	On or before 31 December 2027
Total	100.0	5,218.2	1,229.2	4,057.9	1,160.3	

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 2024, 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 is 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 2024 and until the date of this report.

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 45, 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 each of nomination committee and strategy and sustainability committee of the Board. 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 (華科技大學) in June 2005. Ms. Wu is a qualified intermediate economist (economy of real estate) and intermediate engineer (engineering management).

Non-executive Directors

Mr. Liu Ping (劉平), aged 56, is a non-executive Director. Mr. Liu was appointed as non-executive Director on 9 October 2020. He is a member of each of the nomination committee and strategy and sustainability 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. Liu is currently a delegate to the Party Congress of Guangdong Province.

Mr. Huang Hai (黃海), aged 49, 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 each of the audit committee and strategy and sustainability committee of the Board. Mr. Huang has over 27 years of experience in investment and financing, capital markets and corporate management and amongst which, over 21 years of experience in the real estate industry.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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 70, 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 (王小軍李樂民朱詠思律師行 (有限法律責任合夥))). From March 2013 to March 2024, Mr. Wang served 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 August 2004 to April 2022, Mr. Wang served as an independent non-executive director of Wealthink AI-Innovation Capital Limited (華科智能投資有限公司) (formerly known as Wealthking Investments Limited (華科資本有限公司) and 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 60, 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 the audit committee, a member of each of the remuneration committee, nomination committee and strategy and sustainability 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). From June 2019 to October 2022, Ms. Tan 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 61, 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, nomination committee and strategy and sustainability 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)). 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 October 2020 to June 2024, Mr. Zhang served as an external supervisor of China Minsheng Banking Corp., Ltd., the shares of which are listed on the Shanghai Stock Exchange (stock code: 600016). From December 2020 to October 2024, Mr. Zhang served as 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 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 (中國人民銀行總行金融研究所) and a doctorate degree of Economics from Renmin University of China in July 1984, November 1988 and January 2003, respectively.

SUPERVISORS

Ms. Liao Moqiong (廖模瓊), aged 55, was appointed as chairman of the supervisory committee of the Company ("**Supervisory Committee**") on 17 May 2023.

From December 1996 to December 2001, Ms. Liao served as cost management post in budget department of Guangzhou Poly Real Estate Development Co., Ltd. (廣州保利房地產開發公司). From January 2002 to June 2006, she successively served as cost management post in budget department, deputy manager of engineering technology department II, and department manager of budget and final accounting department of Poly Real Estate Co., Ltd. (保利房地產股份有限公司). From July 2006 to February 2009, she successively served as department manager of budget and final accounting department and general manager of the cost control center of Poly Real Estate (Group) Co., Ltd. (保利房地產(集團)股份有限公司). From February 2009 to March 2022, she successively served as executive deputy general manager of Guangzhou Fuli Construction and Installation Engineering Co., Ltd. (廣州富利建築安裝工程有限公司), executive deputy general manager of Poly South China Industrial Co., Ltd. (保利華南實業有限公司), deputy general manager of Guangzhou Poly Urban Reconstruction Investment Co., Ltd. (廣州保利城改投資有限公司), deputy general manager of Guangdong Poly Property Development Co., Ltd. (廣東保利房地產開發有限公司), and deputy general manager of Guangdong Poly Urban Development Co., Ltd. (廣東保利城市發展有限公司). From March 2022 to January 2025, Ms. Liao served as the secretary of the Discipline Inspection Commission of the Company.

Ms. Liao received her bachelor's degree of engineering from Hengyang Institute of Technology in June 1992, and her master's degree of engineering from South China University of Technology in December 2008. Ms. Liao is a qualified cost engineer and supervision engineer.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Yang Haibo (楊海波), aged 53, was appointed as Supervisor of the Company on 17 May 2023.

From March 2002 to September 2009, Mr. Yang successively served as senior manager and deputy general manager of the investment management center of Poly Real Estate (Group) Co., Ltd. From September 2009 to December 2021, he successively served as deputy general manager, executive deputy general manager, general manager, and chairman of Poly (Wuhan) Real Estate Co., Ltd. (保利(武漢)房地產開發有限公司). Meanwhile, he also served as chairman of Anhui Poly Real Estate Development Co., Ltd. (安徽保利房地產開發有限公司) from November 2019 to December 2021, and as chairman of Hunan Poly Real Estate Development Co., Ltd. (湖南保利房地產開發有限公司) from February 2021 to December 2021. From December 2021 to January 2023, he served as general counsel and general manager of the risk management center of Poly Developments and Holdings. From January 2023 to September 2024, he served as the general counsel of Poly Developments and Holding. He is currently the vice chairman of Poly (Chongqing) Investment Industry Co., Ltd. (保利(重慶)投資實業有限公司) and chairman of Poly Licheng Co., Ltd. (保利裏城有限公司).

Mr. Yang obtained a bachelor's degree in law from Nanchang University in June 2002, and he is a qualified lawyer in the PRC.

Ms. Mu Jing (穆靜), aged 42, was appointed as employee representative Supervisor of the Company on 27 August 2020.

Ms. Mu joined the Company in March 2016 and successively served as the deputy manager and manager of the administrative office, the manager of the market development department under the public service centre and the manager of the cooperation and development department under the market development center of the Company, and she is currently 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 a postgraduate diploma in Integrated and Practicing Management from The University of Hong Kong in March 2021. Ms. Mu is a qualified level 1 human resources professional and a qualified level 2 psychological counsellor. Ms. Mu is currently a member of the standing committee of the People's Political Consultative Conference and Women's Federation of Haizhu District in Guangzhou City.

SENIOR MANAGEMENT

Mr. Yao Yucheng (姚玉成), aged 50, is the general manager of the Company. Mr. Yao was appointed as general manager of the Company on 11 January 2023, and currently holds directorship in certain subsidiaries of the Company. 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. Yao is a qualified intermediate engineer (engineering management).

Mr. Zou Fushun (鄒福順), aged 47, 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 20 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 40, 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 17 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.

Mr. Zhao Binbin (趙斌斌), aged 43, 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 Real Estate Development Co. Ltd.. 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 of Poly Developments and Holdings.

Mr. Zhao obtained his bachelor degree of Engineering in June 2004 and master degree of Engineering from Guangdong University of Technology in June 2007, respectively. Mr. Zhao is a qualified senior engineer.

Mr. He Jielun (何傑倫), aged 41, 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 16 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 his double bachelor degree in Management and Law 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 39, 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 served as an assistant general manager of the Company from January 2019 to January 2023.

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. Ms. Zhu is a qualified intermediate engineer (engineering management).

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Liu Long (劉龍), aged 39, 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.. Mr. Liu successively served as general manager of operation management center and assistant general manager of the Company from November 2020 to January 2023.

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

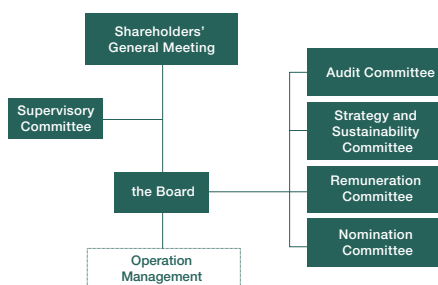
Mr. Yin Chao (尹超), aged 40, was appointed as a joint company secretary of the Company in February 2020. For details of Mr. Yin's biographical details, please refer to "Senior Management" in this section.

Mr. Lau Kwok Yin (劉國賢), aged 39, was appointed as the joint company secretary of the Company in July 2019. Mr. Lau is the vice president of SWCS Corporate Services Group (Hong Kong) Limited. He has over 15 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 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 four Board committees 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 C1 to the Listing Rules. The Company abided by the applicable principles and code provisions during the year ended 31 December 2024.

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 C3 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 2024.

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 2024 and up to the date of this report are as follows:

Executive Director

Ms. Wu Lanyu (Chairman)

Non-executive Directors

Mr. Liu Ping

Mr. Hu Zaixin (resigned on 13 March 2024)

Mr. Huang Hai (resigned on 31 March 2025)

Independent Non-executive Directors

Mr. Wang Xiaojun

Ms. Tan Yan

Mr. Zhang Liqing

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 2024, Ms. Wu Lanyu served as the chairman of the Board of the Company and Mr. Yao Yucheng served as the general manager of the Company. The chairman of the Board presides the Board and gives strategic development advice to the Group. The general manager, who is accountable to the Board, guides the operation management of the Group and is responsible for formulating and implementing the development strategies of the Group, determining business objectives and operational management, and ensuring that the Company has established sound corporate governance practices and procedures.

Independent Non-executive Directors

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

For the year ended 31 December 2024, 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 third 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.

An analysis of the Board composition as at 31 December 2024 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. 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 50 and below	Aged 51-60	Aged 61 and above
Number of Directors	2	2	2

C Gender

Gender group	Male	Female
Number of Directors	4	2

D Length of service of Directors

Length of service	5 years and below	6 to 10 years
Number of Directors	4	2

As at 31 December 2024, female members accounted for 33.33% 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 2024 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 14.29% 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 2024)

Age Group	Aged 30 and below	Aged 31-50	Aged 51 and above
Proportion	27.9%	62.1%	10.0%

Gender Group	Male	Female
Proportion	56.4%	43.6%

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

Age Group	Aged 40 and below	Aged 41-45	Aged 46 and above
Number	3	2	2

Gender Group	Male	Female
Number	6	1

BOARD COMMITTEES

As at 31 December 2024, the Company has established four Board committees, namely the audit committee, the remuneration committee, the nomination committee and the strategy and sustainability 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 2024, our audit committee comprises four members, namely Ms. Tan Yan (independent non-executive Director), Mr. Huang Hai (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 2024, the audit committee held four meetings, with major works including: (i) reviewing and discussing the annual audit scheme; (ii) reviewing and discussing the 2023 financial report and 2024 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 2024, 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 2024, 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 tranche of unlocking of the first tranche of grant of restricted shares under the Initial Grant Proposal of the First Phase Restricted Share Incentive Scheme. 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 2024, our nomination committee comprises five members, namely Ms. Wu Lanyu (executive Director), Mr. Liu Ping (non-executive Director), Mr. Wang Xiaojun (independent non-executive Director), Ms. Tan Yan (independent non-executive Director) and Mr. Zhang Liqing (independent non-executive Director). Ms. Wu Lanyu 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 2024 the nomination committee held one meeting, and reviewed and fulfilled the above duties together with matters including the (i) annual review of the structure of the Board and implementation of its diversity policy; and (ii) annual assessment of the independence of the independent non-executive Directors. Please refer to the section headed “Meetings of the Board and the Board Committees” below for the attendance records of the members of the nomination committee.

Strategy and Sustainability Committee

As at 31 December 2024, our strategy and sustainability committee comprises five members, namely Ms. Wu Lanyu (executive Director), Mr. Liu Ping (non-executive Director), Mr. Huang Hai (non-executive Director), Ms. Tan Yan (independent non-executive Director) and Mr. Zhang Liqing (independent non-executive Director). Ms. Wu Lanyu is the chairman of our strategy and sustainability committee.

The responsibilities of our strategy and sustainability committee include but not limited to:

- conducting studies and making recommendations to the Board on strategic plans for long-term development;
- conducting studies and making recommendations on major investment and financing proposals, major capital operations and asset operation projects that are required by the Articles of Association to be approved by the Board and the shareholders’ general meeting;
- developing and reviewing the Company’s environmental, social and governance objectives and plans, overseeing the policies and measures adopted by the Company to achieve them and making recommendations to the Board; and
- reviewing the annual ESG report to ensure its accuracy, completeness and continuous improvement in disclosure quality, and making recommendations to the Board.

For the year ended 31 December 2024, the strategy and sustainability committee held one meeting, and reviewed and fulfilled the above duties together with matters including the application for full circulation of domestic unlisted shares of the Company. Please refer to the section headed “Meetings of the Board and the Board Committees” below for the attendance records of the members of the strategy and sustainability 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). All other meetings of the Board should also adopt the above arrangements where practicable.

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:

Directors	Number of meetings attended/convened					
	Board meeting	Audit committee meeting	Remuneration committee meeting	Nomination committee meeting	Strategy and Sustainability Committee meeting	Shareholders' general meeting
Ms. Wu Lanyu	9/9	N/A	N/A	1/1	1/1	4/4
Mr. Liu Ping	9/9	N/A	N/A	1/1	1/1	0/4
Mr. Hu Zaixin ^{Note}	0/0	0/0	N/A	N/A	N/A	0/0
Mr. Huang Hai	9/9	4/4	N/A	N/A	1/1	0/4
Mr. Wang Xiaojun	9/9	4/4	3/3	1/1	N/A	4/4
Ms. Tan Yan	9/9	4/4	3/3	1/1	1/1	4/4
Mr. Zhang Liqing	9/9	4/4	3/3	1/1	1/1	4/4

Note: On 13 March 2024, Mr. Hu Zaixin resigned from the positions of Director and member of the audit committee. The number of meetings convened is based on the tenure of Directors.

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 2024, 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. 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 2024, the emolument bands of the senior management of the Company (excluding the Directors) are as follows:

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

CORPORATE GOVERNANCE FUNCTIONS

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

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.

The Board is responsible for performing the functions set out in code provision A.2.1 of the CG Code. Pursuant to code provision B.1.4 of the CG Code, the Company has established internal policies and mechanisms (including but not limited to the Articles of Association, the Policy on Nomination of Directors, the Terms of Reference of the Nomination Committee, and the Work Programme on Performance Security for External Directors) to ensure that the Board has access to independent views and opinions, which cover the selection criteria, election and appointment procedures of the Directors (including the independent non-executive Directors), the mechanism for the Directors abstaining from voting on relevant motions to be considered by the Board, and the ability of the Directors to seek independent professional advice to perform their duties in accordance with the Company's policies when necessary. In addition, the Board comprises three independent non-executive Directors who play an important role in the Board by virtue of their independent background, judgement and views. The Company will review the implementation and effectiveness of the above mechanisms annually to ensure that the Board is provided with independent views and opinions.

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

By closely following the “14th Five-Year Plan” development strategy and the main line of work for the year, the Group, in conjunction with other relevant functional lines of the Company, continued to optimize the Company’s risk management system by perfecting policies, refining division of work and improving mechanisms, etc. Specific work carried out includes: optimizing and improving the integrity risk prevention and control system and publishing the Manual on Integrity Risk Prevention and Control 《廉潔風險防控手冊》; establishing a legal affairs sharing mechanism to fortify the Company’s risk prevention and control network of legal compliance; and implementing a grassroots-level supervisor system to enhance the implementation of the “third line of defense” at grassroots level. Meanwhile, on the basis of the existing risk database, the Company conducted in-depth risk analyses in collaboration with disciplinary inspection, legal affairs, finance and other professional lines, which facilitated the precise identification of key control points in various fields. With the support from relevant functional centers, the Company developed countermeasures to optimize the list of daily management tools across pre-event, in-event and post-event stages. These measures have improved the risk prevention and control mechanism in key areas, thereby further elevating the Company’s overall risk management.

During 2024, 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 updated the “Application Manual for Internal Control” and “Evaluation Manual for Internal Control”. In October 2024, the Company carried out a management review on 27 level-one platform companies whose design and operation of policies were reviewed. Through online and offline reviews by the headquarters, the Company inspected the internal control of local branches, identify risks arising from operation, organized the implementation of rectification tasks, divided the rectification tasks, assigned responsible missions and formulated rectification measures at the design and implementation stages.

CORPORATE GOVERNANCE REPORT

The internal control for the year 2024 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 2024 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.

CORPORATE CULTURE

Poly Property promotes the “Spark” corporate culture and empowers the humanistic brand with “Spark Culture”. The Company positions itself as a “National Force in the Era of Comprehensive Property”, takes “insisting on the achievement of customers and employees, insisting on quality to win the market, and insisting on innovation to lead development” as its core value, and promotes the corporate spirit of “believing yourself, doing your best, and aiming far ahead”. We continued to create a positive organisational atmosphere by means of a wide range of corporate culture promotions and activities. The Company also actively integrates its cultural concepts into staff training, talent development, customer service and other areas, so as to provide cultural traction for the implementation of the “Comprehensive Property Strategy”.

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 2024 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 2024, the remuneration paid by the Company to the auditor in respect of audit and non-audit services during the year amounted to RMB3.36 million. Specific analysis is set out as follows:

Services Provided By Auditor	Amount RMB million
– Audit services	2.86
– Non-audit services	0.50

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 2024.

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

Enquiries 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

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 investors' 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 2024, 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 during the year, 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 2024, 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 7 January 2025. The latest version of such document is available for inspection at the website of the Company (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 2024.

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 2024 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 2024 and the consolidated statements of financial position as at 31 December 2024 of the Group are set out in the consolidated financial statements on pages 81 to 175 in this annual report.

RESULTS AND APPROPRIATIONS

Profits for the year attributable to owners of the Company for the year ended 31 December 2024 amounted to approximately RMB1,473.9 million (2023: RMB1,380.1 million). During the year ended 31 December 2024, dividend of RMB552,226,733 (tax inclusive) in respect of 2023 was declared by the Company to all its shareholders.

The Board proposed the distribution of an annual dividend of RMB1.332 per share (tax inclusive) for the year ended 31 December 2024, with the total amount of proposed dividend distribution representing 50% of the profit for the year attributable to owners of the Company. The dividend distribution plan shall be subject to the approval of the shareholders of the Company at the annual general meeting to be held on 6 June 2025 (the "**2024 AGM**") and the dividend is expected to be paid on or before 25 July 2025. The proposed annual dividend will be declared in Renminbi and paid in Hong Kong dollars or Renminbi, 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 2024 AGM (details will be disclosed in the announcement of poll results of the 2024 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 2024 AGM (and the adjourned meeting thereof), the register of members of the Company will be closed from Tuesday, 3 June 2025 to Friday, 6 June 2025, 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 2024 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 Monday, 2 June 2025. Shareholders whose names appear on the register of members of the Company on Friday, 6 June 2025 are entitled to attend and vote at the 2024 AGM.

REPORT OF THE BOARD OF DIRECTORS

For the purpose of determining the identity of the shareholders entitled to the annual dividend in respect of the year ended 31 December 2024, the H Share register of members of the Company will be closed from Thursday, 12 June 2025 to Friday, 13 June 2025, 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 Wednesday, 11 June 2025. Shareholders whose names appear on the register of members of the Company on Friday, 13 June 2025 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 2024 and as at 31 December 2024 are set out in note 27 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Company and of the Group for the year ended 31 December 2024 are set out in note 27 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 2024, the Company's aggregate amount of reserve available for distribution to equity shareholders was approximately RMB3,345.4 million.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group for the year ended 31 December 2024 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 2024 are set out in note 15 to the consolidated financial statements.

BORROWINGS

As at 31 December 2024, the Group had no borrowings or bank loans.

PLEDGE OF ASSETS

As at 31 December 2024, the Group had no pledge of assets.

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 2024 are set out in note 10 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 3.2 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 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including the sale of treasury shares).

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 2024 and up to the date of this report include:

Ms. Wu Lanyu (Chairman)
Mr. Liu Ping
Mr. Huang Hai (resigned on 31 March 2025)
Mr. Wang Xiaojun
Ms. Tan Yan
Mr. Zhang Liqing
Mr. Hu Zaixin (resigned on 13 March 2024)

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 the third session of all Directors and Supervisors is effective from their respective appointment dates until the expiry of the term of the third session of the Board and the Supervisory Committee (16 May 2026).

As of 31 December 2024, 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.

REPORT OF THE BOARD OF DIRECTORS

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 2024.

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 2024.

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 2024 and up to the date of this report are set out below:

Mr. Hu Zaixin ceased to be a director of the Company due to work adjustment, effective from 13 March 2024.

Mr. Wang Xiaojun ceased to be 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 Stock Exchange (stock code: 00031), effective from 26 March 2024.

Mr. Zhang Liqing ceased to be an external supervisor of China Minsheng Banking Corp., Ltd. (中國民生銀行股份有限公司), whose shares are listed on the Shanghai Stock Exchange (stock code: 600016), effective from 27 June 2024.

Mr. Zhang Liqing ceased to be an independent non-executive director of E-Star Commercial Management Company Limited, whose shares are listed on the Hong Kong Stock Exchange (stock code: 06668), effective from 18 October 2024.

Mr. Huang Hai ceased to be a director of the Company due to work adjustment, effective from 31 March 2025.

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 2024.

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 2024, 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/ chief executive	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 associate corporation (%)
Wu Lanyu	Poly Property ⁽¹⁾	Other ⁽²⁾	78,256(L) ⁽²⁾	0.01
		Beneficial owner	38,544(L) ⁽²⁾	0.01
Liu Ping	Poly Developments and Holdings	Beneficial owner	7,723,184(L)	0.06
Huang Hai	Poly Developments and Holdings	Beneficial owner	1,115,697(L)	0.009
Yao Yucheng	Poly Property ⁽¹⁾	Other ⁽²⁾	81,400(L) ⁽²⁾	0.01

Notes:

As shown in the disclosed information: Long position – L

(1) As at 31 December 2024, 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 and Mr. Yao Yucheng have accepted 116,800 and 81,400 Restricted Shares respectively, granted by the Company under the Restricted Share Incentive Scheme, of which 38,544 shares were vested to Ms. Wu Lanyu during the period. 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 2024, 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.

REPORT OF THE BOARD OF DIRECTORS

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

As at 31 December 2024, 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	Pandanus Associates Inc. ⁽²⁾	Interest in controlled corporation	13,928,800(L) ⁽²⁾	9.08 ⁽²⁾	2.51
	FIDELITY FUNDS	Beneficial owner	12,655,400(L)	8.25	2.28
	Brown Brothers	Approved lending agent	10,907,862(L)	7.11	1.97
	Harriman & Co.	Beneficial owner	10,907,862(P)	7.11	1.97
	JPMorgan Chase & Co.	Beneficial owner	1,784,659(L)	1.16	0.32
			1,684,209(S)	1.09	0.30
		Investment manager	275,400(L)	0.18	0.05
		Person having a security interest in shares	226,600(L)	0.14	0.04
		Approved lending agent	8,567,785(P)	5.58	1.54
	The Capital Group Companies, Inc.	Interest in controlled corporation	10,734,400(L)	7.00	1.94
	AEGON-Industrial Fund Management Co., Ltd.	Investment manager	9,088,400(L)	5.93	1.64
	China International Capital Corporation Limited ⁽³⁾	Interest in controlled corporation	8,764,200(L) ⁽³⁾	5.72 ⁽³⁾	1.58
			6,642,000(S) ⁽³⁾	4.33 ⁽³⁾	1.20
	CCB Investment Funds Management Co., Ltd. ⁽⁴⁾	Interest in controlled corporation	6,681,400(L) ⁽⁴⁾	5.01 ⁽⁴⁾	1.20
Domestic share	China Poly Group ⁽⁵⁾	Interest in controlled corporation	400,000,000(L)	100.00	72.289
	Poly Southern ⁽⁵⁾	Interest in controlled corporation	400,000,000(L)	100.00	72.289
	Poly Developments and Holdings ⁽⁵⁾	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 Holding Co., Ltd. ⁽⁵⁾	Interest in controlled corporation	20,000,000(L)	5.00	3.614
	Xizang Hetai Corporate Management Co., Ltd. ⁽⁵⁾	Beneficial owner	20,000,000(L)	5.00	3.614

Notes:

As shown in the disclosed information:

Long position – L; Short position – S; Shares available for lending – P

- (1) As at 31 December 2024, the Company had a total of 553,333,400 issued shares, comprising 400,000,000 domestic shares and 153,333,400 H Shares.
- (2) Pandanus Partners L.P. is wholly-owned by Pandanus Associates Inc. and FIL Limited is held as to 40.44% by Pandanus Partners L.P.. FIL Limited has control over several corporations, and is deemed by the SFO to be interested in a long position in a total of 13,928,800 H Shares of the Company through various directly or indirectly controlled corporations. Both Pandanus Associates Inc. and Pandanus Partners L.P. are deemed by the SFO to be interested in the long positions held by FIL Limited.
- (3) 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 2024 (date of the relevant event: 26 February 2020).
- (4) 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 2024 (date of the relevant event: 19 December 2019).
- (5) (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 Holding Co., Ltd. (**"Guangzhou Baoli Hetai"**), formerly known as Guangzhou Baoli Hetai Financial Holding Co., Ltd.) 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 2024, 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 six 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.

REPORT OF THE BOARD OF DIRECTORS

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. Pursuant to the Scheme and the agreement for grant of Restricted Shares entered into between the Company and each of the Participants, the Participants shall pay the subscription funds for the Restricted Shares granted to the Company's designated account within the time period as prescribed by the Company. There is no additional amount payable on application or acceptance of the Restricted Shares awarded.

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 second tranche of grant (**"Reserved Grant"**) of the Initial Grant. On 13 May 2024, the Board approved the first tranche of unlocking of the Initial Grant. For relevant details, please refer to the announcements and circular of the Company dated 15 November 2021, 28 January 2022, 26 April 2022, 20 January 2023 and 13 May 2024 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; (vi) Reserved Grant of the Initial Grant under the Scheme; and (vii) the first tranche of unlocking of the Initial Grant under the Scheme.

Details of the Restricted Shares granted to Directors, the five 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 2024 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 of 1 January 2024	Number of shares granted during the year ended 31 December 2024	Number of shares unlocked during the year ended 31 December 2024 ^{note}	Number of shares cancelled/lapsed during the year ended 31 December 2024	Number of shares not yet unlocked as of 31 December 2024
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	49.90	24.94	116,800	0	(38,544)	0	78,256
The five highest paid individuals (combined)	26 April 2022	24 months to 60 months from the granting of Restricted Shares	25.71	49.90	24.94	67,200	0	(22,176)	0	45,024
	20 January 2023	24 months to 60 months from the granting of Restricted Shares	25.71	58.35	32.04	215,800	0	0	0	215,800

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 of 1 January 2024	Number of shares granted during the year ended 31 December 2024	Number of shares unlocked during the year ended 31 December 2024 ^{note}	Number of shares cancelled/lapsed during the year ended 31 December 2024	Number of shares not yet unlocked as of 31 December 2024
Other grantees (combined)	26 April 2022	24 months to 60 months from the granting of Restricted Shares	25.71	49.90	24.94	3,994,000	0	(1,302,378)	(61,336)	2,630,286
	20 January 2023	24 months to 60 months from the granting of Restricted Shares	25.71	58.35	32.04	555,000	0	0	(55,200)	499,800

Note: The closing price of H shares immediately before the relevant unlock date was HK\$33.70.

Details of the movement in number of Restricted Shares for the year ended 31 December 2024 and the fair values are set out in note 28 to the Condensed Consolidated Financial Statements.

The Unlocking Period shall be 24 months to 60 months from the grant 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%

This Scheme is a share scheme involving the grant by a listed issuer of existing shares under Rule 17.01(1)(b) of the Listing Rules.

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 2024, 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 2024.

REPORT OF THE BOARD OF DIRECTORS

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 2024, 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 2024.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2024, 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 2024.

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 the controlling shareholders of the Company, 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, where the highest applicable percentage ratio is more than 5%, but less than 25%, pursuant to Chapter 14A of the Listing Rules, the Company shall be subject 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 subject 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 period from 1 January 2024 to 27 May 2024, 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 RMB7.3 million, which did not exceed RMB35 million, the cap for the period from 1 January 2024 to 27 May 2024.

For the period from 1 January 2024 to 27 May 2024, 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 RMB27.7 million, which did not exceed RMB65 million, the cap for the period from 1 January 2024 to 27 May 2024.

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. Pursuant to the agreements, 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.

REPORT OF THE BOARD OF DIRECTORS

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 2024, 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 RMB11.83 million, which did not exceed RMB20.08 million, the annual cap for 2024.

3. **2024 Property Leasing Agreements**

As the 2021 Property Leasing Agreements expired on 27 May 2024, on 22 April 2024, Poly Business Commercial Property entered into the 2024 Property Leasing Agreements with Poly Developments and Holdings, Guangzhou Ruichi, Guangzhou Ruifu Corporate Management Co., Ltd. (廣州市瑞富企業管理有限公司) ("**Guangzhou Ruifu**") and Guangzhou Ruizi Corporate Management Co., Ltd. (廣州市瑞諮企業管理有限公司) ("**Guangzhou Ruizi**"), as landlords, to renew the connected transactions contemplated under the 2021 Property Leasing Agreements, pursuant to which, the rent payable will be paid in the form of "rent under lump sum basis + remaining rent". As Poly Developments and Holdings, Guangzhou Ruichi, Guangzhou Ruifu, Guangzhou Ruizi and their associates have reserved certain properties in the subject properties and will rent properties in the subject properties for their own use, Poly Business Commercial Property will become the lessor of such reserved and newly rented properties upon signing the 2024 Property Leasing Agreements with a term of three years from the date of consideration and approval of the 2024 Property Leasing Agreements at the extraordinary general meeting (from 28 May 2024 to 27 May 2027).

After the effective date of the 2024 Property Leasing Agreements, Poly Business Commercial Property was required to pay the rent of approximately RMB840 million under lump sum basis. The aggregate amount of the remaining rent for the lease term is approximately RMB103 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 2024 Property Leasing Agreements, for the years ended 31 December 2024, 31 December 2025 and 31 December 2026, and the period ended 27 May 2027, will not exceed RMB24.0 million, RMB44.4 million, RMB52.3 million and RMB23.5 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 2024 Property Leasing Agreements for the years and period as stated above will not exceed RMB52.8 million, RMB91.2 million, RMB91.4 million and RMB38.1 million, respectively.

Poly Developments and Holdings is one of the controlling shareholders of the Company, 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 2024 Property Leasing Agreements is recognised as right-of-use assets on an aggregate basis and considered as a connected transaction, where the highest applicable percentage ratio is more than 5%, but less than 25%, pursuant to Chapter 14A of the Listing Rules, the Company shall be subject to reporting, announcement and independent shareholders' approval requirements. At the same time, as the rent paid under lump sum basis under the 2024 Property Leasing Agreements constitutes a discloseable transaction, the Company shall also be subject to the notice and announcement requirements under Chapter 14 of the Listing Rules. As the remaining rent and the subleasing income under the 2024 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 remaining rents portion and the subleasing income portion under the 2024 Property Leasing Agreements are only subject to the reporting, announcement and annual review requirements, but are exempted from the independent Shareholders' approval requirement.

For details, please refer to the announcement dated 22 April 2024 and the circular dated 10 May 2024 of the Company. The 2024 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 27 May 2024.

For the period from 28 May 2024 to 31 December 2024, the remaining rent paid by Poly Business Commercial Property to Poly Developments and Holdings, Guangzhou Ruichi, Guangzhou Ruifu and Guangzhou Ruizi pursuant to the 2024 Property Leasing Agreements amounted to RMB1.6 million, which did not exceed RMB24.0 million, the annual cap for 2024.

For the period from 28 May 2024 to 31 December 2024, the shared rent received by Poly Business Commercial Property from Poly Developments and Holdings and its associates pursuant to the 2024 Property Leasing Agreements amounted to RMB36.5 million, which did not exceed RMB52.8 million, the annual cap for 2024.

CONTINUING CONNECTED TRANSACTIONS

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

1. *2024-2026 Property Leasing Framework Agreement*

On 3 November 2023, the Company entered into a property leasing framework agreement (the **"2024-2026 Property Leasing Framework Agreement"**) with Poly Developments and Holdings to renew the connected transactions under the Property Leasing Framework Agreement entered into on 24 March 2021, for a term from 1 January 2024 to 31 December 2026, pursuant to which, the Company will lease properties owned by Poly Developments and Holdings and its associates for office, operation premises and other uses in various cities in the PRC, and the relevant subsidiaries and associates of the parties will enter into separate leasing agreements which shall set out the specific terms and conditions.

The Board estimate that the annual caps for property leasing fees to be incurred for each of the three years ending 31 December 2026 will not exceed RMB45.0 million, RMB63.0 million and RMB75.0 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 2024-2026 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 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 3 November 2023.

For the year ended 31 December 2024, the rent for the properties leased by the Group from Poly Developments and Holdings and its associates amounted to RMB26.4 million, which did not exceed RMB45.0 million, the annual cap for 2024.

2. *2024-2026 Products and Services Procurement Framework Agreement*

On 3 November 2023, the Company entered into a products and services procurement framework agreement (the **"2024-2026 Products and Services Procurement Framework Agreement"**) with Poly Developments and Holdings to renew the connected transactions under the Hardware Procurement and Maintenance Services Framework Agreement entered into by both on 24 March 2021, for a term from 1 January 2024 to 31 December 2026, pursuant to which, the Company will procure various types of products and services from Poly Developments and Holdings and its associates, including but not limited to hardware procurement and maintenance services and other products and services that support the daily operation of the Group, and the relevant subsidiaries and associates of the parties will enter into separate products and services procurement agreements which shall set out the specific terms and conditions.

The Board estimate that the annual caps for products and services procurement fees to be incurred for each of the three years ending 31 December 2026 will not exceed RMB60.0 million, RMB66.0 million and RMB73.0 million, respectively. On 26 March 2024, the Board resolved to revise the foresaid annual caps. The revised annual caps for each of the three years ending 31 December 2026 will not exceed RMB250.0 million, RMB325.0 million and RMB423.0 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 products and services procurement under the 2024-2026 Products and Services Procurement 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 announcements of the Company dated 3 November 2023 and 26 March 2024.

For the year ended 31 December 2024, the fee for the hardware and hardware maintenance services procured by the Group from Poly Developments and Holdings and its associates amounted to RMB233.2 million, which did not exceed RMB250.0 million, the annual cap for 2024.

3. 2024-2026 Property Management Services Framework Agreement

On 3 November 2023, the Company entered into a property management services framework agreement (the **"2024-2026 Property Management Services Framework Agreement"**) with Poly Developments and Holdings to renew the connected transactions under the Property Management Services Framework Agreement entered into by both on 24 March 2021, for a term from 1 January 2024 to 31 December 2026, pursuant to which, the Company will provide property management services to Poly Developments and Holdings and its associates, and the relevant subsidiaries and associates of the parties will enter into separate property management services agreements which shall set out the specific terms and conditions.

The Board estimate that the annual caps for property management service fees to be incurred for each of the three years ending 31 December 2026 will not exceed RMB467.0 million, RMB513.0 million and RMB565.0 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 management under the 2024-2026 Property Management 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 3 November 2023.

For the year ended 31 December 2024, 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 RMB266.1 million, which did not exceed RMB467.0 million, the annual cap for 2024.

REPORT OF THE BOARD OF DIRECTORS

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

1. *2023-2025 Deposit Service Framework Agreement*

On 4 November 2022, our Company entered into a deposit service framework agreement (the “**2023-2025 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 2023-2025 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 2023-2025 Deposit Service Framework Agreement is more than 5%, the transactions under the 2023-2025 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.

For the year ended 31 December 2024, the maximum daily balance of deposits (including interests paid) that the Group deposited funds into Poly Finance was RMB2,027.0 million, which did not exceed RMB2,030.0 million, the annual cap for 2024.

2. *Parking Space Agency Framework Agreement (Phase II)*

To meet the business needs for continuing development, on 16 November 2022, our Company entered into the Parking Space Agency 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 (29 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 Agency 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 29 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 2024, the maximum daily balance of the deposit paid by the Group to Poly Developments and Holdings and its associates pursuant to Parking Space Agency Framework Agreement (Phase II) amounted to RMB2,000 million, which did not exceed RMB2,000 million, the annual cap for 2024.

For the year ended 31 December 2024, the agency services fee received by the Group from Poly Developments and Holdings and its associates pursuant to Parking Space Agency Framework Agreement (Phase II) amounted to RMB115.8 million, which did not exceed RMB600 million, the annual cap for 2024.

3. 2024-2026 Pre-delivery Services Framework Agreement

On 3 November 2023, the Company entered into a pre-delivery services framework agreement (the **"2024-2026 Pre-delivery Services Framework Agreement"**) with Poly Developments and Holdings to renew the connected transactions under the Pre-delivery Services Framework Agreement entered into by both on 24 March 2021, for a term from 1 January 2024 to 31 December 2026, pursuant to which, the Company 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"**), and the relevant subsidiaries and associates of the parties will enter into separate pre-delivery services agreements which shall set out the specific terms and conditions.

The Board estimate that the annual caps for pre-delivery service fees to be incurred for each of the three years ending 31 December 2026 will not exceed RMB1,677.0 million, RMB1,677.0 million and RMB1,677.0 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 pre-delivery services under the 2024-2026 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.

REPORT OF THE BOARD OF DIRECTORS

The 2024-2026 Pre-delivery Services Framework Agreement and the transactions contemplated under the agreement and the annual transaction caps were formally approved by the independent shareholders of the Company at the extraordinary general meeting held on 28 December 2023. For details, please refer to the announcement dated 3 November 2023 and the circular dated 11 December 2023 of the Company.

For the year ended 31 December 2024, the service fees generated from the provision of Pre-delivery Services by the Group to Poly Developments and Holdings and its associates amounted to RMB988.1 million, which did not exceed RMB1,677.0 million, the annual cap for 2024.

4. 2024-2026 Other Value-added Services Framework Agreement

On 3 November 2023, the Company entered into an other value-added services framework agreement (the **“2024-2026 Other Value-added Services Framework Agreement”**) with Poly Developments and Holdings to renew the connected transactions under the Other Value-added Services Framework Agreement entered into by both on 24 March 2021, for a term from 1 January 2024 to 31 December 2026, pursuant to which, the Company 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”**), and the relevant subsidiaries and associates of the parties will enter into separate other value-added services agreements which shall set out the specific terms and conditions.

Our Directors estimate that the annual caps for other value-added service fees to be incurred for each of the three years ending 31 December 2026 will not exceed RMB1,397.0 million, RMB1,676.0 million and RMB2,011.0 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 other value-added services under the 2024-2026 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 2024-2026 Other Value-added Services Framework Agreement and the transactions contemplated under the agreement and the annual transaction caps were formally approved by the independent shareholders of the Company at the extraordinary general meeting held on 28 December 2023. For details, please refer to the announcement dated 3 November 2023 and the circular dated 11 December 2023 of the Company.

For the year ended 31 December 2024, 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 RMB878.2 million, which did not exceed RMB1,397.0 million, the annual cap for 2024.

5. *Renewed Parking Space Agency Framework Agreement*

On 3 November 2023, the Company entered into a parking space agency framework agreement (the “**Renewed Parking Space Agency Framework Agreement**”) with Poly Developments and Holdings to renew the connected transactions under the Parking Space Leasing and Sales Agency Services Framework Agreement entered into by both on 16 July 2021, for a term from 1 January 2024 to 31 December 2026, pursuant to which, the Group will provide exclusive parking spaces 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 shall pay refundable deposits to Poly Developments and Holdings and its associates and receive agency service fee 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 2026 shall be capped at RMB3,000 million; all of the annual caps of agency service fees receivable by the Group for the years stated above are RMB750 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, in accordance with the Listing Rules in respect of the annual caps for the deposit expense portion and the agency service fees income portion under the Renewed Parking Space Agency Framework Agreement is higher than 5%, such transactions are subject to the reporting, announcement, annual review and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. On 16 November 2022, the Company entered into the Parking Space Agency Framework Agreement (Phase II) with Poly Developments and Holdings. As the highest applicable percentage ratio, if calculated on an aggregate basis, in respect of the annual caps for the deposit expense portion under the Renewed Parking Space Agency Framework Agreement together with the Parking Space Agency Framework Agreement (Phase II) is higher than 25% but lower than 100%, the deposit expense portion under the Renewed Parking Space Agency Framework Agreement also constitutes a major transaction of the Company. As such, such transaction is subject to the reporting, announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

The Renewed Parking Space Agency Framework Agreement and the transactions contemplated under the agreement were formally approved by the independent shareholders of the Company at the extraordinary general meeting held on 28 December 2023. For details, please refer to the announcement dated 3 November 2023 and the circular dated 11 December 2023 of the Company.

For the year ended 31 December 2024, the maximum daily balance of the deposit paid by the Group to Poly Developments and Holdings and its associates pursuant to the Renewed Parking Space Agency Framework Agreement amounted to RMB3,000 million, which did not exceed RMB3,000 million, the annual cap for 2024.

For the year ended 31 December 2024, the agency services fee received by the Group from Poly Developments and Holdings and its associates pursuant to the Renewed Parking Space Agency Framework Agreement amounted to RMB121.8 million, which did not exceed RMB750 million, the annual cap for 2024.

REPORT OF THE BOARD OF DIRECTORS

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 an unqualified letter containing the findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 60 to 69 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.

The Board has received the auditor's letter.

MATERIAL RELATED PARTY TRANSACTIONS

Details of the material related party transactions entered into by the Group during the year ended 31 December 2024 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 2024, the Group had 30,125 employees (as at 31 December 2023: 33,902 employees). For the year ended 31 December 2024, the total staff costs were approximately RMB3,792.0 million. The Group has established a market-based, competitive and performance-oriented remuneration plan with reference to market standards and employee performance and contributions in order to encourage value creation of employees. The Group also provides employees with employee benefits, including pension funds, medical insurance, work injury insurance, maternity insurance, unemployment insurance and housing provident fund.

EMPLOYEE TRAINING AND DEVELOPMENT

The Group places a strong emphasis on recruiting talents and provides employees with continuous training programmes and career development opportunities. The Company has initiated special actions such as the “Dragon Seeking Programme: 1+N Key Position Recruitment”, covering key positions at the executive level and across four key business lines, to replenish a diverse pool of outstanding talents in the industry on an ongoing basis, actively promote the employment empowerment exercise for graduates, and effectively enhance organisational capabilities. The Group has continued to refine the construction of a tiered and categorized talent team and to connect the talent supply chain for talent assessment, development and appointment. We issued the “White Paper of Talent Standards for Key Positions”, defining quality models for four major varieties of talent, to promote the upgrade to refined human resource management. Through the “Improvement of Project Talent in Three Aspects” special programme, we improved the organisational capabilities, competencies and fighting capabilities of talents in core business units through measures such as comprehensive project review, precise talent allocation and enhanced incentives. Additionally, we built a “Technical Talent Assessment and Certification” system and a “Highly Skilled Talent” expert pool, providing solid talent support to strengthen the Company through technical expertise.

EVENTS AFTER THE REPORTING DATE

The important events occurred since the year ended 31 December 2024 are disclosed in note 37 to the consolidated financial statements in this annual report.

MATERIAL LITIGATION

During the year ended 31 December 2024, 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 2024 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.

REPORT OF THE BOARD OF DIRECTORS

REVIEW OF ACCOUNTS

The audit committee of the Company was established with written terms of reference in accordance with Appendix C1 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 had reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2024, 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 C1 to the Listing Rules as its own code of corporate governance. The Company has complied with all the applicable code provisions of the Corporate Governance Code during the year ended 31 December 2024.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company is subject to various laws and regulations, primarily including the Civil Code of the PRC, the Company Law 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 2024, 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 2024 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 Code as specified in Appendix C2 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, 31 March 2025

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 2024.

During 2024, 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 2024, 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 2024 and up to the date of this report include:

Ms. Liao Moqiong (*Chairman*)

Mr. Yang Haibo

Ms. Mu Jing

MAJOR WORK OF THE SUPERVISORY COMMITTEE IN 2024

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

During the reporting period, the Company has convened four 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 attend/convened	Attendance rate
Liao Moqiong (<i>Chairman</i>)	Shareholder Representative Supervisor	4/4	100%
Yang Haibo	Shareholder Representative Supervisor	4/4	100%
Mu Jing	Employee Representative Supervisor	4/4	100%

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

Evaluation on operating behaviours of the Board and the senior management in 2024

During 2024, 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 2024, 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 2024 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 2024, 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 2025

In 2025, the Supervisory Committee will work diligently and faithfully under relevant requirements of the Listing Rules, the Articles of Association and the Rules and 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 2025.



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 81 to 175, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information.

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 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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



KEY AUDIT MATTERS

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

Key audit matter

How our audit addressed the key audit matter

Impairment assessment of trade receivables

As at 31 December 2024, the carrying amount of the trade receivables amounted to approximately RMB2,797,326,000 (net of impairment losses of amounted to approximately RMB128,365,000), 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, 18 and 33.2(b) 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.

INDEPENDENT AUDITOR'S REPORT

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

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

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 HKSAAs 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 HKSAAs, we exercise professional judgement and maintain professional scepticism 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.



INDEPENDENT AUDITOR'S REPORT

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, actions 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, 31 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	6	16,342,312	15,061,858
Cost of services		(13,358,006)	(12,108,767)
Gross profit		2,984,306	2,953,091
Other income and other gains and losses, net	7	116,284	136,293
Selling and marketing expenses		(11,897)	(18,013)
Administrative expenses		(1,122,016)	(1,226,151)
Other expenses		(2,298)	(2,183)
Share of results of associates and joint venture	16	4,772	2,730
Finance costs	8	(4,504)	(4,694)
Profit before tax	8	1,964,647	1,841,073
Income tax expense	9	(475,211)	(443,887)
Profit for the year		1,489,436	1,397,186
Profits for the year attributable to:			
– Owners of the Company		1,473,850	1,380,140
– Non-controlling interests		15,586	17,046
		1,489,436	1,397,186
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		–	1,111
Other comprehensive income for the year, net of tax		–	1,111
Total comprehensive income for the year		1,489,436	1,398,297
Total comprehensive income for the year attributable to:			
– Owners of the Company		1,473,850	1,381,251
– Non-controlling interests		15,586	17,046
		1,489,436	1,398,297
Earnings per share (expressed in RMB per share)			
– Basic	12	2.68	2.51
– Diluted	12	2.68	2.51

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	13	239,574	241,861
Leased assets and investment properties	14	729,862	226,491
Intangible assets	15	93,980	103,866
Interests in associates and joint venture	16	25,174	15,502
Prepayments for property, plant and equipment	19	6,711	4,330
Deferred tax assets	26	56,388	57,138
Time deposits	20	1,993,544	–
		3,145,233	649,188
Current assets			
Inventories	17	31,635	31,365
Trade and bills receivables	18	2,815,815	2,340,608
Prepayments, deposits and other receivables	19	897,883	844,634
Cash and cash equivalents	21	9,890,671	11,011,462
		13,636,004	14,228,069
Current liabilities			
Trade payables	22	2,754,128	2,009,076
Accruals and other payables	23	2,008,353	2,161,181
Contract liabilities	24	1,823,909	1,547,654
Lease liabilities	25	42,889	43,105
Income tax payable		211,304	160,288
		6,840,583	5,921,304
Net current assets		6,795,421	8,306,765
Total assets less current liabilities		9,940,654	8,955,953

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Lease liabilities	25	62,757	68,598
Deferred tax liabilities	26	6,549	10,821
		69,306	79,419
Net assets		9,871,348	8,876,534
Capital and reserves			
Share capital	27	553,333	553,333
Reserves		9,147,681	8,166,572
Equity attributable to owners of the Company		9,701,014	8,719,905
Non-controlling interests		170,334	156,629
Total equity		9,871,348	8,876,534

The consolidated financial statements on pages 81 to 175 were approved and authorised for issue by the board of directors on 31 March 2025 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 2024

	Attributable to owners of the Company										Total
	Share capital RMB'000	Share premium RMB'000 (Note (a))	Shares held under the restricted share incentive scheme RMB'000 (Note 28)	Capital reserve RMB'000	Statutory reserve RMB'000 (Note (b))	Fair value reserve RMB'000 (Note (c))	Share-based payments reserve RMB'000 (Note 28)	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	
At 1 January 2023	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
Profit for the year	-	-	-	-	-	-	-	1,380,140	1,380,140	17,046	1,397,186
Other comprehensive income, net of tax											
– Change in fair value of equity instruments at fair value through other comprehensive income	-	-	-	-	-	1,111	-	-	1,111	-	1,111
Total comprehensive income for the year	-	-	-	-	-	1,111	-	1,380,140	1,381,251	17,046	1,398,297
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	13,000	13,000
Purchase of own shares under the restricted share incentive scheme (Note 28)	-	-	(120,097)	-	-	-	-	-	(120,097)	-	(120,097)
Recognition of equity-settled share-based payments	-	-	-	-	-	-	38,985	-	38,985	-	38,985
Dividends declared to the non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	(18,103)	(18,103)
Dividend recognised as distribution (Note 11)	-	-	-	-	-	-	-	(278,327)	(278,327)	-	(278,327)
Disposal of a subsidiary (Note 30(b))	-	-	-	-	-	-	-	-	-	(2,050)	(2,050)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(11,611)	-	11,611	-	-	-
Others	-	-	-	7,469	-	-	-	-	7,469	(7,469)	-
At 31 December 2023 and 1 January 2024	553,333	4,535,479	(166,009)	(1,549)	276,667	-	60,301	3,461,683	8,719,905	156,629	8,876,534
Total comprehensive income for the year	-	-	-	-	-	-	-	1,473,850	1,473,850	15,586	1,489,436
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	3,250	3,250
Effect of shares vested under restricted share incentive scheme (Note 28)	-	-	45,726	12,704	-	-	(28,413)	-	30,017	-	30,017
Shares lapsed under restricted share incentive scheme (Note 28)	-	-	3,909	(775)	-	-	-	-	3,134	-	3,134
Recognition of equity-settled share-based payments	-	-	-	-	-	-	26,335	-	26,335	-	26,335
Dividends declared to the non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	(2,860)	(2,860)
Dividend recognised as distribution (Note 11)	-	-	-	-	-	-	-	(552,227)	(552,227)	-	(552,227)
Deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	(2,271)	(2,271)
At 31 December 2024	553,333	4,535,479	(116,374)	10,380	276,667	-	58,223	4,383,306	9,701,014	170,334	9,871,348

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

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 Company, based on the People's Republic of China ("PRC") statutory financial statements, in accordance with the relevant PRC laws until the statutory reserves reach 50% of the registered capital. 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.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Operating activities			
Cash generated from operations	34	2,734,977	2,875,744
Income tax paid		(427,717)	(455,107)
Interest paid		(4,504)	(4,694)
Net cash generated from operating activities		2,302,756	2,415,943
Investing activities			
Purchases of property, plant and equipment		(66,515)	(76,592)
Purchases of leased assets and other investment properties		(839,993)	–
Capital injection in associates		(4,900)	–
Proceeds on disposal of property, plant and equipment		1,999	2,621
Placement of time deposits		(1,976,000)	–
Proceeds on disposal of an interest in an associate		–	55,707
Proceeds on disposal of investments in equity instruments at fair value through other comprehensive income		–	13,111
Net cash inflow on acquisition of a subsidiary	30(a)	–	6,234
Net cash outflow on disposal of a subsidiary	30(b)	–	(3,180)
Interest received		67,059	58,386
Net cash (used in)/generated from investing activities		(2,818,350)	56,287
Financing activities			
Dividends paid to owners of the Company	11	(552,227)	(278,327)
Dividends paid to non-controlling interests		(2,860)	(18,103)
Proceeds from restricted share incentive scheme	28	–	17,645
Repayments of restricted share incentive scheme		(3,412)	(2,311)
Repayments of lease liabilities	34	(33,362)	(30,078)
Payments on acquisition of additional interest in a subsidiary		(16,917)	–
Contributions from non-controlling interests		3,250	13,000
Purchase of shares under restricted share incentive scheme	28	–	(120,097)
Proceeds from shares lapsed and sold by the Trustee under restricted share incentive scheme	28	3,134	–
Payment to non-controlling interests on deregistration of subsidiaries		(2,271)	–
Net cash used in financing activities		(604,665)	(418,271)
Net (decrease)/increase in cash and cash equivalents		(1,120,259)	2,053,959
Cash and cash equivalents at beginning of the year		11,011,462	8,956,316
Effect of exchange rate changes on cash and cash equivalents		(532)	1,187
Cash and cash equivalents at end of the year		9,890,671	11,011,462

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 at 48-49th Floor, Poly Plaza, No. 832 Yue Jiang Zhong Road, Hai Zhu District, Guangzhou, Guangdong Province, the PRC. The Company’s principal place of business is located at the PRC.

The Company was listed on The Stock Exchange of Hong Kong Limited 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 Main Board 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 the 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 also the functional currency of the Company, unless otherwise stated.

2 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

2.1 Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards 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 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRS Accounting Standards 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 NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

2.2 New and amendments to HKFRS Accounting Standards in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKAS 21	Lack of Exchangeability ²
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7 HKFRS 18	Contracts Referencing Nature-dependent Electricity ³ Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for HKFRS 18 mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standards, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provides disclosures on management-defined performance measures in the notes to the financial statements and improves aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18 will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards 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.

Certain comparative figures in the notes to consolidated financial statements have been reclassified to conform to the current year's presentation.

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 Leases ("**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 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information

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.



3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Basis of consolidation (Continued)

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

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.

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 HKFRS Accounting Standards). 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 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

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.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (the “**Conceptual Framework**”) except for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (“**HKAS 37**”) or HK(IFRIC)-Int 21 *Leases* (“**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

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Business combinations (Continued)

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

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16 *Leases*) 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.

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.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Business combinations (Continued)

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.

When a business combination is achieved in stages, the Group’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.



3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

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.

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, unless the Group can demonstrate that some other method better reflects the goodwill associated with the operation disposed of.

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

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.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Investments in associates and joint ventures (Continued)

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.

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.

The Group applies HKFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying HKFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by HKAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with HKAS 28).

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Investments in associates and joint ventures (Continued)

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.

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 or 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

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Revenue from contracts with customers (Continued)

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: (Continued)

- 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.

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).

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Revenue from contracts with customers (Continued)

Principal versus agent (Continued)

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.

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

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Revenue from contracts with customers (Continued)

Principal versus agent (Continued)

(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.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.



3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

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 components, 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.

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

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets (Continued)

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 that do not meet the definition of investment property as “Right-of-use assets – leased properties” in “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.

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;

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

The lease payments include: (Continued)

- 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.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

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.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “**lease modifications**”).

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

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

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications (Continued)

The Group accounts for a lease modification as a separate lease if: (Continued)

- 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.

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.

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

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessor (Continued)

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 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.

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 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

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.

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. Such grants are presented under “Other income and other gains and losses, net”.

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.



3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Employee benefits (Continued)

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.

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.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

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.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Taxation (Continued)

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 and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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.



3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Taxation (Continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

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.

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.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Property, plant and equipment (Continued)

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.

Investment properties

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

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.

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.

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).



3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Intangible assets (Continued)

Intangible assets acquired in a business combination (Continued)

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.

Impairment of property, plant and equipment (including right-of-use assets), leased assets and 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), leased assets and 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), leased assets and investment properties 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.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

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

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.

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.

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 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

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.

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.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

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 the financial assets; 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.

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 hedging instrument.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

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.

Amortised cost and interest income

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and 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.

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.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

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.

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.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

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)

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).

(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;

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(iii) Credit-impaired financial assets (Continued)

- (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.

(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.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(v) Measurement and recognition of ECL (Continued)

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.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "Other income and other gains and losses, net" line item (Note 7) as part of the net foreign exchange gains/(losses).

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

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.

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 Group 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 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

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 of an acquirer in 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;
- 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 hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in 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;
- 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 to be designated as at FVTPL.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at FVTPL (Continued)

For financial liabilities that are designated as at FVTPL, the amount of changes 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 payables and lease liabilities are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "Other income and other gains and losses, net" line item in profit or loss (Note 7) as part of net foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

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.

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);

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Related parties (Continued)

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

- (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.

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 underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

(i) Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for the trade 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 receivables are disclosed in Note 33.2(b).

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

(ii) 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 2024, the carrying amount of goodwill is RMB63,993,000 (2023: RMB63,993,000). 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 segments, has been identified as the executive director of the Company.

The Group is engaged in the provision of property management services, value-added services to non-property owners 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 geographical information are presented.

Geographical information

The major operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group’s revenue was derived from the PRC during the years ended 31 December 2024 and 2023.

As at 31 December 2024 and 2023, all 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:

	2024 RMB'000	2023 RMB'000
Poly Developments and Holdings and its subsidiaries (collectively referred to as “ Poly Developments and Holdings Group ”)	2,168,287	2,230,643

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2024 and 2023 is as follows:

	2024 RMB'000	2023 RMB'000
Types of goods or services		
Property management services	11,674,489	10,152,181
Value-added services to non-property owners		
– Pre-delivery services and other value-added services to non-property owners	1,647,248	1,705,115
Community value-added services	2,707,720	2,816,361
Revenue from contracts with customers	16,029,457	14,673,657
Value-added services to non-property owners		
– Rental income	312,855	388,201
Total	16,342,312	15,061,858

	2024 RMB'000	2023 RMB'000
Timing of revenue recognition		
Property management services		
– Over time	11,674,489	10,152,181
Value-added services to non-property owners		
– Over time	1,647,248	1,705,115
– Over the lease term	312,855	388,201
Community value-added services		
– Over time	1,908,837	2,031,554
– At a point in time	798,883	784,807
Total	16,342,312	15,061,858

7 OTHER INCOME AND OTHER GAINS AND LOSSES, NET

	2024 RMB'000	2023 RMB'000
Other income:		
Bank interest income	62,135	61,533
Other interest income (Note (a))	11,031	4,466
Government grants and tax incentives (Note (b))	23,305	70,600
Penalty income	14,764	10,719
Others	24,317	7,850
	135,552	155,168
Other gains and losses, net:		
Gains on modification of lease contracts, net	4,899	47
Losses on disposal of property, plant and equipment, net	(39)	(83)
Gains on disposal of investments in:		
– a subsidiary (Note 30(b))	–	482
– an associate	–	297
Gain on bargain purchase of a subsidiary (Note 30(a))	–	1,388
Impairment loss on trade and bills receivables (Note 33.2(b))	(24,990)	(18,831)
Reversal of/(provision for) impairment loss on deposits and other receivables (Note 33.2(b))	1,394	(3,362)
Exchange (losses)/gains, net	(532)	1,187
	(19,268)	(18,875)
	116,284	136,293

Notes:

- (a) Other interest income mainly arose from the 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 (“VAT”) applicable to the Company and certain of its subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 PROFIT BEFORE TAX

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

	2024 RMB'000	2023 RMB'000
Depreciation of property, plant and equipment (Note 13)	96,587	92,067
Depreciation of leased assets and investment properties (Note 14)	280,239	285,985
Amortisation of intangible assets (included in "cost of services") (Note 15)	9,886	10,013
	386,712	388,065
Auditor's remuneration		
– Audit services	2,860	2,860
– Non-audit services	500	612
	3,360	3,472
Finance costs – interest on lease liabilities	4,504	4,694
Cost of goods sold	727,017	711,704
Staff costs (including Directors' emoluments (Note 10)):		
– Salaries and bonus	3,195,227	3,691,198
– Pension costs, housing funds, medical insurances and other social insurances	570,469	622,285
– Equity-settled share-based expenses (Note 28) (Note 10(a)(v))	26,335	38,985
	3,792,031	4,352,468

9 INCOME TAX EXPENSE

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

	2024 RMB'000	2023 RMB'000
Current tax		
PRC Enterprise Income Tax ("EIT")		
– Provision for the year	476,209	466,064
– Under/(over)-provision in respect of prior years	2,524	(4,544)
	478,733	461,520
Deferred tax (Note 26)	(3,522)	(17,633)
	475,211	443,887

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 2024 and 2023.

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 at the rate of 25% (2023: 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 per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 RMB'000	2023 RMB'000
Profit before tax	1,964,647	1,841,073
Tax at PRC EIT rate of 25% (2023: 25%)	491,161	460,269
Tax effect of share of results of associates and joint venture	(1,193)	(683)
Tax effect of expenses not deductible for tax purposes	4,545	1,820
Tax effect of income not taxable for tax purposes	–	(347)
Tax effect of tax losses not recognised	6,459	–
Utilisation of tax losses previously not recognised	(1,042)	(596)
Tax effects of different tax rates applicable to different subsidiaries of the Group	(19,547)	(15,764)
Others	(7,696)	3,732
Under/(over)-provision in respect of prior years	2,524	(4,544)
Income tax expense	475,211	443,887

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS

(a) Directors', supervisors' and Chief executive's emoluments

Details of directors', supervisors' and Chief executive's 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 costs, medical insurances and other social insurances RMB'000	Share-based payments (Note (vi)) RMB'000	Total RMB'000
Year ended 31 December 2024						
Executive director						
Ms. Wu Lanyu	-	825	1,774	155	558	3,312
Non-executive directors						
Mr. Huang Hai (Note (iv))	-	-	-	-	-	-
Mr. Liu Ping	-	-	-	-	-	-
Mr. Hu Zaixin (Note (iii))	-	-	-	-	-	-
Independent non-executive directors						
Mr. Wang Xiaojun	200	-	-	-	-	200
Ms. Tan Yan	200	-	-	-	-	200
Mr. Zhang Liqing	200	-	-	-	-	200
Supervisors						
Mr. Yang Haibo	-	-	-	-	-	-
Ms. Liao Moqiong	-	860	943	138	-	1,941
Ms. Mu Jing	-	328	233	47	-	608
Chief executive						
Mr. Yao, Yu Cheng	-	802	1,060	154	758	2,774
	600	2,815	4,010	494	1,316	9,235

10 DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors', supervisors' and Chief executive's emoluments (Continued)

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

	Fees RMB'000	Salaries, allowance and benefit in kind RMB'000	Performance- based bonus RMB'000	Pension costs, housing costs, medical insurances and other social insurances RMB'000	Share-based payments (Note (v)) RMB'000	Total RMB'000
Year ended 31 December 2023						
Executive director						
Ms. Wu Lanyu	-	1,000	2,155	129	876	4,160
Non-executive directors						
Mr. Huang Hai	-	-	-	-	-	-
Mr. Liu Ping	-	-	-	-	-	-
Mr. Hu Zaixin	-	-	-	-	-	-
Independent non-executive directors						
Mr. Wang Xiaojun	196	-	-	-	-	196
Ms. Tan Yan	196	-	-	-	-	196
Mr. Zhang Liqing	196	-	-	-	-	196
Supervisors						
Ms. Liu Huiyan (Note (i))	-	-	-	-	-	-
Mr. Yang Haibo (Note (ii))	-	-	-	-	-	-
Ms. Zhong Yu (Note (i))	-	155	198	22	-	375
Ms. Liao Moqiong (Note (ii))	-	385	555	65	-	1,005
Ms. Mu Jing	-	326	360	45	-	731
Chief executive						
Mr. Yao, Yu Cheng	-	800	1,104	130	744	2,778
	588	2,666	4,372	391	1,620	9,637

Notes:

- (i) Retired on 17 May 2023.
- (ii) Appointed on 17 May 2023.
- (iii) Resigned on 13 March 2024.
- (iv) Resigned on 31 March 2025.
- (v) The amount represents share-based payment expenses arising from restricted shares granted by the Company over the vesting period. No amounts have yet been settled in cash for the years ended 31 December 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors', supervisors' and chief executive's emoluments (Continued)

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 2024 and 2023.

None of the directors has waived or agreed to waive any emoluments for the years ended 31 December 2024 and 2023.

(b) Five highest paid individuals

The five highest paid individuals of the Group during the year included one (2023: one) director, details of whose remuneration are set out in Note 10(a) above. Details of the remuneration for the year of the remaining four (2023: four) highest paid individuals who are neither a director nor supervisor of the Company are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowance and benefit in kind	2,942	2,236
Performance-based bonus	4,158	4,770
Pension costs, housing funds, medical insurances and other social insurances	571	428
Equity-settled share-based expense	2,332	2,127
	10,003	9,561

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	
	2024	2023
Emolument bands (in HK dollar)		
HKD2,000,001 to HKD2,500,000	1	–
HKD2,500,001 to HKD3,000,000	2	4
HKD3,000,001 to HKD3,500,000	1	–

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 2024 and 2023.

11 DIVIDENDS

During the year ended 31 December 2023, final dividend of RMB278,326,700 (tax inclusive) in respect of 2022 was declared and paid.

During the year ended 31 December 2024, final dividend of RMB552,226,733 (tax inclusive) in respect of 2023 was declared and paid.

Subsequent to the end of the reporting period, the directors proposed a final dividend of RMB1.332 (tax inclusive) per share, amounting to a total of RMB737,040,089 (tax inclusive) (2023: final dividend of RMB0.998 per share, amounting to a total of RMB552,226,733 (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 6 June 2025 has not been recognised as a liability at the end of the reporting period.

12 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:

	2024 RMB'000	2023 RMB'000
Earnings		
Profit attributable to owners of the Company	1,473,850	1,380,140

	2024 '000	2023 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note (a))	549,319	550,900
Effect of shares under restricted share incentive scheme (Note (b))	175	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share (Note (b))	549,494	550,900

Notes:

- On 18 February 2022, the shareholders of the Company approved the adoption of a restricted share incentive scheme. During the year ended 31 December 2024, 1,363,098 H shares of the Company were vested and 116,536 H shares of the Company were lapsed and sold to the secondary market by an independent trustee appointed by the Company (Note 28). During the year ended 31 December 2023, 3,878,200 H shares were purchased by the trustee appointed by the Company from the secondary market (Note 28).
- Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares to assume conversion of all dilutive potential ordinary shares. For the year ended 31 December 2024, the number of shares calculated as above was compared with the number of shares that would have been issued, assuming the conversion of the restricted shares granted under the restricted share incentive scheme (Note 28), with the difference being adjusted in arriving at the weighted average number of shares for diluted earnings per share. There was no dilutive effect arising from the restricted share incentive scheme for the year ended 31 December 2023.

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 2023	108,693	2,343	81,429	14,769	156,477	63,468	53,131	480,310
Additions	35,391	–	13,328	15,369	18,636	25,014	10,799	118,537
Lease modifications and disposals	(25,149)	–	(12,628)	–	(8,360)	(5,181)	(3,636)	(54,954)
At 31 December 2023 and 1 January 2024	118,935	2,343	82,129	30,138	166,753	83,301	60,294	543,893
Additions	36,776	–	22,166	3,087	21,227	6,557	11,097	100,910
Lease modifications and disposals	(33,791)	–	(32,113)	(8)	(9,621)	(1,800)	(3,646)	(80,979)
At 31 December 2024	121,920	2,343	72,182	33,217	178,359	88,058	67,745	563,824
DEPRECIATION								
At 1 January 2023	49,278	846	35,128	4,892	117,156	23,037	31,100	261,437
Provided for the year	26,714	75	19,066	5,065	21,199	11,432	8,516	92,067
Lease modifications and eliminated on disposals	(24,371)	–	(12,562)	–	(7,771)	(3,528)	(3,240)	(51,472)
At 31 December 2023 and 1 January 2024	51,621	921	41,632	9,957	130,584	30,941	36,376	302,032
Provided for the year	30,121	75	18,988	6,445	20,219	10,894	9,845	96,587
Lease modifications and eliminated on disposals	(29,219)	–	(32,113)	(8)	(8,585)	(1,269)	(3,175)	(74,369)
At 31 December 2024	52,523	996	28,507	16,394	142,218	40,566	43,046	324,250
NET CARRYING VALUE								
At 31 December 2024	69,397	1,347	43,675	16,823	36,141	47,492	24,699	239,574
At 31 December 2023	67,314	1,422	40,497	20,181	36,169	52,360	23,918	241,861

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)

	2024 RMB'000	2023 RMB'000
Expense relating to short-term leases	42,150	44,129
Variable lease payments not included in the measurement of leased liabilities	10,041	51,146
Total cash outflow for leases	915,505	173,662
Additions to right-of-use assets	820,386	35,391

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 (2023: one to ten years). Lease terms are negotiated on an individual basis and contain various different terms and conditions. The lease agreements do not impose any covenants and leased assets may not be used as security for borrowing purposes.

The lease of certain properties under lease agreements with Poly Developments and Holdings Group consists of fixed lease payments and variable lease payments that are adjusted and settled with reference to the total actual rent received during that period in respect of the relevant subject properties.

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 2024 and 2023, 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 2024 and 2023, no property, plant and equipment was pledged.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 LEASED ASSETS AND INVESTMENT PROPERTIES

	Leased assets RMB'000	Other investment properties RMB'000	Total RMB'000
COST			
At 1 January 2023, 31 December 2023 and 1 January 2024	946,457	20,554	967,011
Additions	783,610	–	783,610
Eliminated upon end of leases and lease modifications	(833,654)	–	(833,654)
At 31 December 2024	896,413	20,554	916,967
DEPRECIATION			
At 1 January 2023	450,176	4,359	454,535
Provided for the year	285,327	658	285,985
At 31 December 2023 and 1 January 2024	735,503	5,017	740,520
Provided for the year	279,581	658	280,239
Eliminated upon end of leases and lease modifications	(833,654)	–	(833,654)
At 31 December 2024	181,430	5,675	187,105
NET CARRYING VALUE			
At 31 December 2024	714,983	14,879	729,862
At 31 December 2023	210,954	15,537	226,491

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

Leased 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 other investment properties as at 31 December 2024 and 2023 are as follows:

	2024 RMB'000	2023 RMB'000
Leased assets in the PRC	824,300	333,100
Other investment properties in the PRC	30,220	33,460
	854,520	366,560

The fair value of the Group's leased assets as at 31 December 2024 and 2023 has been arrived at valuations conducted by APAC Asset Valuation and Consulting Limited (亞太資產評估及顧問有限公司), 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 2024 and 2023 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 Yangzhou Tianhong Real Estate Appraisal Co., Ltd. (揚州天泓房地產評估造價有限公司) (2023: 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 LEASED ASSETS AND INVESTMENT PROPERTIES (Continued)

The fair value measurement is categorised into Level 3 fair value hierarchy.

For the year ended 31 December 2024, cash outflow of RMB846,483,000 (2023: RMB99,455,000) represented the amount paid for leased properties that were sub-leased to independent third parties.

For the year ended 31 December 2024, the direct operating expenses incurred for the leased assets and investment properties that generated rental income accounted for RMB297,545,000 (2023: RMB344,073,000).

Leased assets and investment properties rented out under operating leases

The Group rents out its leased assets and other 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:

	2024	2023
	RMB'000	RMB'000
Within one year	227,186	175,259
One to two years	144,105	20,005
Over two years	116,143	18,374
	487,434	213,638

15 INTANGIBLE ASSETS

	Property management contracts RMB'000	Goodwill RMB'000	Total RMB'000
COST			
At 1 January 2023	88,000	64,897	152,897
Disposal of a subsidiary	(3,000)	(904)	(3,904)
At 31 December 2023, 1 January 2024 and 31 December 2024	85,000	63,993	148,993
AMORTISATION			
At 1 January 2023	38,114	–	38,114
Amortisation	10,013	–	10,013
Disposal of a subsidiary	(3,000)	–	(3,000)
At 31 December 2023 and 1 January 2024	45,127	–	45,127
Amortisation	9,886	–	9,886
At 31 December 2024	55,013	–	55,013
NET CARRYING VALUE			
At 31 December 2024	29,987	63,993	93,980
At 31 December 2023	39,873	63,993	103,866

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:

	2024 RMB'000	2023 RMB'000
Hunan Poly Tianchuang Property Development Co., Ltd.	46,129	46,129
Chengdu Vastrong Property Development Co., Ltd. ("Vastrong Property")	17,864	17,864
	63,993	63,993

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 (2023: five-year) period with growth rates of 2% – 5% (2023: 2% – 13%) and pre-tax discount rates of 12.9% to 14.7% (2023: 15.3% – 17.3%). These groups of CGUs' cash flows beyond the five-year (2023: five-year) period are using 2% (2023: 2%) growth rates.

Pre-tax discount rates 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 rates within the five-year (2023: five-year) period have been based on past experience. The cash flows beyond the five-year (2023: five-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 amount are significantly above the carrying amount 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 years ended 31 December 2024 and 2023, management of the Group determines that there is no impairment on these groups of CGUs.

16 INTERESTS IN ASSOCIATES AND JOINT VENTURE

	2024 RMB'000	2023 RMB'000
Cost of investments in associates and joint venture, unlisted	14,950	10,050
Share of post-acquisition profits and other comprehensive income, net of dividend received	10,224	5,452
	25,174	15,502
Share of results of associates and joint venture	4,772	2,730

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/ operations	Relationship	Proportion of ownership interest/ voting rights held by the Group		Principal activities
			2024	2023	
Hunan Ningxiang City Bao Chuang City Co., Ltd. 湖南寧鄉城發保創城市 服務有限公司	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
Baozhi Enterprise Management (Guangdong) Co., Ltd. (Note (ii)) 保智企業管理(廣東)有限公司	the PRC	Associate	49.00%	–	Other human resources services
Shanghai Pu Jiali Urban Construction Services Co., Ltd (Note (ii)) 上海浦家利城市建設 服務有限公司	the PRC	Associate	49.00%	–	Property management services
Shanxi Deao Elevator Co., Ltd. 山西德奧電梯工程有限公司	the PRC	Joint venture	45.00%	45.00%	Elevator repair and maintenance services

Notes:

- (i) The english names of associates and joint venture listed above are translated for identification purpose only.
- (ii) The associates were incorporated during the year ended 31 December 2024.

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

The above associates and joint venture were not individually material to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 INVENTORIES

	2024 RMB'000	2023 RMB'000
Carpark spaces	17,450	21,575
Raw materials	1,678	1,430
Consumables goods and other inventories	12,507	8,360
	31,635	31,365

18 TRADE AND BILLS RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables		
– Related parties (Note 36(c))	580,053	520,624
– Third parties	2,345,638	1,923,291
	2,925,691	2,443,915
Less: allowance for credit losses	(128,365)	(103,375)
	2,797,326	2,340,540
Bills receivables	18,489	68
	2,815,815	2,340,608

As at 1 January 2023, trade receivables amounted to RMB2,263,176,000.

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

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

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

	2024 RMB'000	2023 RMB'000
Within one year	2,622,102	2,205,782
One to two years	171,623	122,298
Over two years	22,090	12,528
	2,815,815	2,340,608

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 33.2(b).

19 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Prepayments		
– Prepayments for property, plant and equipment	6,711	4,330
– Prepayments to suppliers (Note (a))	95,070	77,158
	101,781	81,488
Deposits and other receivables		
– Deposits	188,605	166,035
– Payments on behalf of property owners and residents	546,377	557,073
– Interest receivables (Note (b))	7,560	18,997
– VAT receivables	85,364	52,396
– Others	14,687	14,149
	842,593	808,650
Less: allowance for credit losses	(39,780)	(41,174)
	802,813	767,476
	904,594	848,964

	2024 RMB'000	2023 RMB'000
Analysed for reporting purposes:		
Non-current portion	6,711	4,330
Current portion	897,883	844,634
	904,594	848,964

Notes:

- (a) As at 31 December 2024 and 2023, included in the balance are prepayments for rental expenses to Poly Developments and Holdings Group, which amounts to RMB729,200 and RMB1,963,000 respectively.
- (b) As at 31 December 2024 and 2023, included in the balance are interest receivables from the deposit maintained with a fellow subsidiary, which amounts to RMB362,000 and RMB414,000 respectively. Please refer to Note 7(a) for further details.

20 TIME DEPOSITS

	2024 RMB'000	2023 RMB'000
Deposit certificates	1,993,543	–
Analysed for reporting purposes:		
Non-current portion	1,993,543	–

The balance represents deposit certificates with the principal amount of RMB1,976,000,000 (2023: nil) purchased from licensed banks in the PRC, bearing interest at the fixed rates from 2.0% to 2.6% per annum with original maturity periods of 24 to 36 months. The contractual terms of the time deposits give rise to cash inflows on specified dates that are solely payments of principal and interest on the outstanding principal amount. These deposits are held within a business model with the objective to hold to collect contractual cash flows. Therefore, the time deposits are accounted for as financial assets at amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 CASH AND CASH EQUIVALENTS

	2024 RMB'000	2023 RMB'000
Cash on hand	34	12
Cash at banks and financial institution	9,890,637	11,011,450
	9,890,671	11,011,462

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

As at 31 December 2024, cash and cash equivalents in the amount of RMB30,189,000 (2023: RMB29,292,000) and RMB9,860,482,000 (2023: RMB10,982,170,000) 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 2024, the Group's cash and cash equivalents include deposits in Poly Finance, a licenced financial institution in the PRC, amounting RMB2,003,548,000 (2023: RMB2,026,993,000). The amount is unsecured and interest-bearing at market rate.

22 TRADE PAYABLES

	2024 RMB'000	2023 RMB'000
Related parties (Note 36(c))	85,861	62,950
Third parties	2,668,267	1,946,126
	2,754,128	2,009,076

Majority of the credit terms for purchase of goods and services from suppliers is 30 to 90 days.

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

	2024 RMB'000	2023 RMB'000
Within one year	2,654,253	1,953,313
One to two years	84,277	50,891
Over two years	15,598	4,872
	2,754,128	2,009,076

23 ACCRUALS AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Deposits received	862,901	870,737
Temporary receipts from property owners	880,156	863,579
Accrued salaries and other allowances	109,589	218,438
Other tax payables	58,385	75,150
Consideration payable at FVTPL (Note 33.3(a))	–	16,917
Others	97,322	116,360
	2,008,353	2,161,181

24 CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Property management services	1,684,809	1,422,361
Value-added services to non-property owners	16,514	14,954
Community value-added services	122,586	110,339
	1,823,909	1,547,654

As at 1 January 2023, contract liabilities amounted to RMB1,429,000,000.

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 to prepay service fees. This will give rise to contract liabilities upon receipt of prepayment from customers at the start of a contract until the revenue recognised from the relevant contract exceeds the amount of the prepayment. The Group typically receives one month to one year prepayment for the service contract.

The following table shows the amount of revenue recognised which is related to contract liabilities at the beginning of the year.

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
Property management services	1,329,036	1,233,210
Value-added services to non-property owners	14,522	12,102
Community value-added services	81,718	90,391
	1,425,276	1,335,703

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 CONTRACT LIABILITIES (Continued)

(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 customers 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 types of contracts. The majority of the property management services 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 this type of contracts such that the remaining performance obligations under these contracts are not disclosed.

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

During the years ended 31 December 2024 and 2023, there was no significant incremental costs to obtain a contract.

25 LEASE LIABILITIES

	2024 RMB'000	2023 RMB'000
Lease liabilities payable:		
Within one year	42,889	43,105
More than one year but less than two years	22,832	41,873
More than two years but less than five years	30,986	20,332
More than five years	8,939	6,393
	105,646	111,703
Less: Amount due for settlement within 12 months shown under current liabilities	(42,889)	(43,105)
Amount due for settlement after 12 months shown under non-current liabilities	62,757	68,598

The incremental borrowing rates applied to lease liabilities ranging from 4.75% to 4.90% (2023: from 4.75% to 4.90%).

26 DEFERRED TAX

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Deferred tax assets	56,388	57,138
Deferred tax liabilities	(6,549)	(10,821)
	49,839	46,317

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the current and prior years:

	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	Lease liabilities RMB'000	Amortisation on intangible assets RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023	22,583	8,921	2,576	5,329	23,937	(10,251)	(23,937)	(474)	28,684
Credited/(charged) to profit or loss	3,128	823	212	9,746	(167)	2,113	2,664	(886)	17,633
At 31 December 2023 and 1 January 2024	25,711	9,744	2,788	15,075	23,770	(8,138)	(21,273)	(1,360)	46,317
Credited/(charged) to profit or loss	5,340	(597)	(2,788)	(519)	(2,621)	2,094	1,727	886	3,522
At 31 December 2024	31,051	9,147	-	14,556	21,149	(6,044)	(19,546)	(474)	49,839

At the end of the reporting period, the Group had unused tax losses of approximately RMB47,380,000 (2023: RMB36,656,000) available for offset against future profits and no (2023: RMB11,152,000) tax losses have been recognised as deferred tax assets. As at 31 December 2024, no deferred tax asset has been recognised in respect of the tax losses of RMB47,380,000 (2023: RMB25,504,000) 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:

	2024 RMB'000	2023 RMB'000
Unused tax losses expiring in:		
2024	-	813
2025	2,211	5,567
2026	2,325	2,325
2027	14,929	14,929
2028	10,050	10,037
2029	17,865	2,985
	47,380	36,656

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 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 2023, 31 December 2023, 1 January 2024 and 31 December 2024	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.

28 RESTRICTED SHARE INCENTIVE SCHEME

At the Company's extraordinary general meeting held on 18 February 2022, the shareholders of the Company approved the adoption of a 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 ("**First Grant Date**"), the Board approved to implement the initial grant pursuant to the Scheme. The first tranche of 4,282,400 restricted shares were actually granted at a grant price of HK\$25.71 per share. The fair value of the shares granted on the First Grant Date, determined based on the difference between the closing price on the First Grant Date and the grant price, was HK\$24.94 per share.

On 20 January 2023 ("**Reserved Grant Date**"), the Board approved to implement the reserved grant pursuant to the Scheme. The reserved tranche of 770,800 restricted shares were actually granted at a grant price of HK\$25.71 per share. The fair value of the shares granted on the Reserved Grant Date, determined based on the difference between the closing price on the Reserved Grant Date and the grant price, was HK\$32.04 per share.

During the year ended 31 December 2024, upon the expiration of the two-year lock-up period and the fulfillment of the unlocking conditions of the first tranche of the Initial Grant, 1,363,098 H shares of the Company were vested to 159 grantees, except for 116,536 H shares of the Company that were lapsed and sold in the secondary market by an independent trustee (the "**Trustee**").

The following table discloses movements in the number of restricted shares granted for the years ended 31 December 2024 and 2023:

28 RESTRICTED SHARE INCENTIVE SCHEME (Continued)

	Weighted average fair value (per share) (HK\$)	Number of restricted shares
At 1 January 2023	24.94	4,282,400
Granted during the year	32.04	770,800
Lapsed during the year	24.94	(104,400)
At 31 December 2023 and 1 January 2024	26.05	4,948,800
Vested during the year	24.94	(1,363,098)
Lapsed during the year	28.30	(116,536)
At 31 December 2024	26.40	3,469,166

As instructed by the Board, 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 being unlocked shall be purchased back by the Trustee or other third parties in accordance with the Scheme.

During the year ended 31 December 2023, the Trustee had purchased 3,878,200 H shares at a total cash consideration of RMB120,097,000 (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 are as follows:

	Number of restricted shares	Amount RMB'000
At 1 January 2023	1,070,600	45,912
Shares purchased during the year	3,878,200	120,097
At 31 December 2023 and 1 January 2024	4,948,800	166,009
Vested during the year	(1,363,098)	(45,726)
Lapsed during the year	(116,536)	(3,909)
At 31 December 2024	3,469,166	116,374

The Group recognised total share-based payment expenses of RMB26,335,000 for the year ended 31 December 2024 (2023: RMB38,985,000) in relation to restricted shares granted by the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 CAPITAL COMMITMENTS

	2024 RMB'000	2023 RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	12,678	5,606

30 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of a subsidiary

On 7 July 2023, the Group acquired the entire interest in Xuzhou Poly Xincheng Property Management Service Co., Ltd (徐州保利鑫城物業管理服務有限公司) ("**Xuzhou Poly Xincheng**"). Xuzhou Poly Xincheng is principally engaged in property management services and was acquired with objective of expanding the Group's relevant business. The acquisition had been accounted for a acquisition of business using acquisition method.

Assets acquired and liabilities recognised at the date of acquisition:

	RMB'000
Total assets	13,867
Total liabilities	(9,379)
Net assets acquired	4,488
Gain on bargain purchase of Xuzhou Poly Xincheng:	
Consideration transferred	3,100
Less: recognised accounts of net assets acquired	(4,488)
Gain on bargain purchase of Xuzhou Poly Xincheng	(1,388)

Gain on bargain purchases of a subsidiary was recognised in profit or loss within the "Other income and other gains and losses, net" line item in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023.

Net cash inflow on arising on the acquisition

Cash consideration paid	(3,100)
Add: cash and cash equivalents balance acquired	9,334
	6,234

30 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (Continued)

(b) Disposal of a subsidiary

On 28 December 2023, the Company disposed of 51% of the equity interest in Poly Huichuang (Chongqing) City Comprehensive Service Co., Ltd (重慶暉創物業服務有限公司) (“**Chongqing Huichuang**”) to an independent third party, Chongqing Century Hengrun Industrial Co., Ltd (重慶世紀恒潤實業有限公司) for a total cash consideration of RMB1,544,000.

The net assets of Chongqing Huichuang at the date of disposal were as follows:

Consideration received:	RMB'000
Cash received	1,544
Analysis of assets and liabilities over which control was lost:	
Total assets	35,516
Total liabilities	(32,404)
Net assets disposed of	3,112
Gain on disposal of a subsidiary:	
Consideration received	1,544
Net assets disposed of	(3,112)
Non-controlling interests	2,050
Gain on disposal of a subsidiary	482
Net cash outflow arising on the disposal:	
Cash received	1,544
Less: cash and cash equivalents disposed of	(4,724)
	(3,180)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2024 RMB'000	2023 RMB'000
Non-current assets		
Property, plant and equipment	129,672	128,076
Leased assets and investment properties	12,582	13,160
Investments in subsidiaries	379,747	379,747
Interests in associates and joint venture	6,322	3,355
Prepayments for property, plant and equipment	6,519	3,727
Time deposits	1,993,544	—
Deferred tax assets	39,523	36,857
	2,567,909	564,922
Current assets		
Inventories	19,204	25,866
Trade and bills receivables	1,457,881	1,164,244
Prepayments, deposits and other receivables	2,754,785	1,334,165
Cash and cash equivalents	9,082,254	9,823,803
	13,314,124	12,348,078
Current liabilities		
Trade payables	1,800,360	1,184,207
Accruals and other payables	4,253,252	3,453,270
Lease liabilities	37,799	29,846
Contract liabilities	972,951	804,185
Income tax payable	127,504	102,286
	7,191,866	5,573,794
Net current assets	6,122,258	6,774,284
Total assets less current liabilities	8,690,167	7,339,206
Non-current liabilities		
Deferred tax liabilities	474	474
Lease liabilities	35,714	27,827
	36,188	28,301
Net assets	8,653,979	7,310,905
Capital and reserves		
Share capital (see Note 27)	553,333	553,333
Reserves (Note)	8,100,646	6,757,572
Total equity	8,653,979	7,310,905

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2023	4,535,479	(45,912)	(10,650)	276,667	10,500	21,316	1,645,282	6,432,682
Profit for the year	-	-	-	-	-	-	683,218	683,218
Other comprehensive income, net of tax - change in fair value of equity instruments at FVTOCI	-	-	-	-	1,111	-	-	1,111
Total comprehensive income for the year	-	-	-	-	1,111	-	683,218	684,329
Purchase of own shares under restricted share incentive scheme (Note 28)	-	(120,097)	-	-	-	-	-	(120,097)
Recognition of equity-settled share-based payments	-	-	-	-	-	38,985	-	38,985
Dividend recognised as distribution (Note 11)	-	-	-	-	-	-	(278,327)	(278,327)
Disposal of investments in equity instruments at FVTOCI	-	-	-	-	(11,611)	-	11,611	-
At 31 December 2023 and 1 January 2024	4,535,479	(166,009)	(10,650)	276,667	-	60,301	2,061,784	6,757,572
Total comprehensive income for the year	-	-	-	-	-	-	1,835,815	1,835,815
Effect of shares vested under restricted share incentive scheme (Note 28)	-	45,726	12,704	-	-	(28,413)	-	30,017
Shares lapsed under restricted share incentive scheme (Note 28)	-	3,909	(775)	-	-	-	-	3,134
Recognition of equity-settled share-based payments	-	-	-	-	-	26,335	-	26,335
Dividend recognised as distribution (Note 11)	-	-	-	-	-	-	(552,227)	(552,227)
At 31 December 2024	4,535,479	(116,374)	1,279	276,667	-	58,223	3,345,372	8,100,646

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, which includes the lease liabilities disclosed in Note 25, 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 2024 and 2023 amounted to approximately RMB9,871,348,000 and RMB8,876,534,000 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

	2024 RMB'000	2023 RMB'000
Financial assets:		
Financial assets at amortised cost	15,413,486	14,062,801
Financial liabilities:		
Financial liabilities at amortised cost	4,809,742	4,189,893
Financial liabilities at FVTPL	–	16,917
	4,809,742	4,206,810

33.2 Financial risk management objective and policies

The Group's major financial instruments include trade and bills receivables, deposits and other receivables, time deposits, cash and cash equivalents, trade payables, accruals and other payables and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

33 FINANCIAL INSTRUMENTS (Continued)

33.2 Financial risk management objective and policies (Continued)

(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 2024, major non-RMB assets are cash and cash equivalents of RMB30,189,000 and major non-RMB liabilities are accruals and other payables of RMB43,339,000 denominated in HK\$. Fluctuation of the exchange rates of RMB against foreign currency could affect the Group's results of operations.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	2024 RMB'000	2023 RMB'000
Monetary assets and liabilities – HK\$		
Cash and cash equivalents	30,189	29,292
Accruals and other payables	(43,339)	(42,411)
	(13,150)	(13,119)

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:

	2024 RMB'000	2023 RMB'000
5% increase in RMB against HK\$	493	492
5% decrease in RMB against HK\$	(493)	(492)

Interest rate risk

The Group is exposed to cash flow interest rate risk in related to cash and cash equivalents (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)

(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 receivable 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.

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	2024 Gross carrying amount RMB'000	2023 Gross carrying amount RMB'000
Financial assets at amortised cost				
Trade receivables	18	Lifetime ECL – not credit- impaired	2,925,691	2,443,915
Deposits and other receivables	19	12m ECL	745,676	732,908

33 FINANCIAL INSTRUMENTS (Continued)

33.2 Financial risk management objective and policies (Continued)

(b) Credit risk and impairment assessment (Continued)

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 2024 and 2023, 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' ageing 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 2024 and 2023.

	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 2024					
Expected loss rate	1.1%	27.8%	86.6%	4.8%	
Gross carrying amount	2,179,180	114,603	51,855	580,053	2,925,691
Loss allowance provision	23,947	31,878	44,888	27,652	128,365
At 31 December 2023					
Expected loss rate	1.4%	26.4%	79.0%	4.3%	
Gross carrying amount	1,795,960	83,594	43,737	520,624	2,443,915
Loss allowance provision	24,430	22,066	34,543	22,336	103,375

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 FINANCIAL INSTRUMENTS (Continued)

33.2 Financial risk management objective and policies (Continued)

(b) Credit risk and impairment assessment (Continued)

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 2024 and 2023.

	Third parties RMB'000	Related parties RMB'000	Total RMB'000
At 31 December 2024			
Expected loss rate	5.1%	11.3%	
Gross carrying amount	723,152	22,524	745,676
Loss allowance provision	37,231	2,549	39,780
At 31 December 2023			
Expected loss rate	5.5%	8.6%	
Gross carrying amount	714,149	18,759	732,908
Loss allowance provision	39,567	1,607	41,174

As at 31 December 2024 and 2023, the loss allowance provision for trade receivables and deposits and other receivables reconciles to the opening loss allowance for that provision as follows:

	Trade receivables RMB'000	Deposits and other receivables RMB'000	Total RMB'000
At 1 January 2023	90,865	37,882	128,747
Provision for loss allowance recognised in profit or loss	18,831	3,362	22,193
Disposal of a subsidiary	(6,321)	(70)	(6,391)
At 31 December 2023 and 1 January 2024	103,375	41,174	144,549
Provision for/(reversal of) loss allowance recognised in profit or loss	24,990	(1,394)	23,596
At 31 December 2024	128,365	39,780	168,145

33 FINANCIAL INSTRUMENTS (Continued)

33.2 Financial risk management objective and policies (Continued)

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, 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.

	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 2024						
Trade payables	2,754,128	2,754,128	2,754,128	-	-	-
Accruals and other payables	1,949,968	1,949,968	1,949,968	-	-	-
Lease liabilities	105,646	115,070	46,408	25,162	33,916	9,584
	4,809,742	4,819,166	4,750,504	25,162	33,916	9,584
	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 2023						
Trade payables	2,009,076	2,009,076	2,009,076	-	-	-
Accruals and other payables	2,086,031	2,086,031	2,086,031	-	-	-
Lease liabilities	111,703	121,474	46,629	45,774	22,289	6,782
	4,206,810	4,216,581	4,141,736	45,774	22,289	6,782

33.3 Fair value measurements of financial instruments

At 31 December 2023, some of the Group's financial instruments were measured at fair value for financial reporting purposes. In estimating the fair value, the Group used market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engaged independent qualified valuers to perform the valuation. The finance department worked closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The finance department reported findings to the directors of the Company at each reporting date to explain the cause of fluctuations in the fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 FINANCIAL INSTRUMENTS (Continued)

33.3 Fair value measurements of financial instruments (Continued)

(a) Fair value of the Group's financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial liabilities were measured at fair value at the end of each reporting period. The following table gave information about how the fair values of these financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Fair value hierarchy as at 31 December 2023	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Consideration payable at FVTPL				
– Liability arising from acquisition of Vastrong Property	–	–	16,917	16,917

Valuation techniques and inputs used in Level 3 fair value measurements:

	Fair value as at 31 December 2023	Valuation technique	Unobservable input	Relationship of inputs to fair value
Liability arising from acquisition of Vastrong Property	RMB16,917,000	Discounted cash flow method	N/A (Note)	N/A

Note:

As at 31 December 2023, the acquisition agreement for an additional 16.7% equity interest in Vastrong Property was settled in January 2024.

The movement during the years ended 31 December 2024 and 2023 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 2023	12,000	16,917
Fair value change recognised in other comprehensive income	1,111	–
Disposals	(13,111)	–
At 31 December 2023 and 1 January 2024	–	16,917
Settlement	–	(16,917)
At 31 December 2024	–	–

During the years ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

33 FINANCIAL INSTRUMENTS (Continued)

33.3 Fair value measurements of financial instruments (Continued)

(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 statements approximate their fair values.

34 CASH FLOW INFORMATION

Cash generated from operations

	Notes	2024 RMB'000	2023 RMB'000
Operating activities			
Profit before tax		1,964,647	1,841,073
Adjustments for:			
Exchange losses/(gains), net	7	532	(1,187)
Depreciation of property, plant and equipment	8	96,587	92,067
Depreciation of leased assets and investment properties	8	280,239	285,985
Amortisation of intangible assets	8	9,886	10,013
Impairment loss on trade and bills receivables	7	24,990	18,831
(Reversal of)/provision for impairment loss on deposits and other receivables	7	(1,394)	3,362
Share of results of associates and joint venture		(4,772)	(2,730)
Equity-settled share-based payments expense	8	26,335	38,985
Bank interest income	7	(62,135)	(61,533)
Other interest income	7	(11,031)	(4,466)
Finance costs	8	4,504	4,694
Gains on modification of lease contracts, net	7	(4,899)	(47)
Losses on disposal of property, plant and equipment, net	7	39	83
Gain on bargain purchase of a subsidiary	7	–	(1,388)
Gains on disposal of investments in			
– a subsidiary	7	–	(482)
– an associate	7	–	(297)
Operating cash flows before movements in working capital		2,323,528	2,222,963
(Increase)/decrease in inventories		(270)	8,972
Increase in trade and bills receivables		(214,562)	(116,913)
(Increase)/decrease in prepayments, deposits and other receivables		(6,909)	28,387
Increase in trade payables		459,417	437,876
(Decrease)/increase in accruals and other payables		(102,482)	171,353
Increase in contract liabilities		276,255	123,106
Cash generated from operations		2,734,977	2,875,744

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 2023	107,215
Financing cash flows	(30,078)
Other changes (Note)	34,566
At 31 December 2023 and 1 January 2024	111,703
Financing cash flows	(33,362)
Other changes (Note)	27,305
At 31 December 2024	105,646

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 2024 and 2023, are as follows:

Name of subsidiary	Place of incorporation/ operations	Paid-up issued capital	Proportion of ownership interest held by the Company				Principal activities
			Direct		Indirect		
			2024	2023	2024	2023	
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 Property Management Co., Ltd. 天津保利物業管理有限公司	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
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 (Fujian) Property Management Co., Ltd. 保利(福建)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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Details of the Company's principal subsidiaries as at 31 December 2024 and 2023, are as follows:
(Continued)

Name of subsidiary	Place of incorporation/ operations	Paid-up issued capital	Proportion of ownership interest held by the Company				Principal activities
			Direct		Indirect		
			2024	2023	2024	2023	
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
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. (Note (e)) 吉安市保利金物業服務有限公司	the PRC	RMBNil	–	–	–	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
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
Baoting Guanlan (Wuhan) Property Services Co., Ltd. 保庭觀瀾(武漢)物業服務有限公司	the PRC	RMB1,000,000	–	–	80%	80%	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 2024 and 2023, are as follows:
(Continued)

Name of subsidiary	Place of incorporation/ operations	Paid-up issued capital	Proportion of ownership interest held by the Company				Principal activities
			Direct		Indirect		
			2024	2023	2024	2023	
Poly Zhongshe (Beijing) Property Management Co., 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
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
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. (Note (e)) 山東城投保利輝創城市服務有限公司	the PRC	RMB3,000,000	–	–	–	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. (Note (e)) 保利(懷化)城市運營管理有限公司	the PRC	RMB2,002,000	–	–	–	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. 九江濂投保利輝創城市服務有限公司	the PRC	RMB3,000,000	–	–	51%	51%	Property management
Xinjiang Poly Huichuang City Services Co., Ltd. (Note (e)) 新疆保利輝創城市服務有限公司	the PRC	RMBNil	–	–	–	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	96.7%	96.7%	–	–	Property management

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Details of the Company's principal subsidiaries as at 31 December 2024 and 2023, are as follows:
(Continued)

Name of subsidiary	Place of incorporation/ operations	Paid-up issued capital	Proportion of ownership interest held by the Company				Principal activities
			Direct		Indirect		
			2024	2023	2024	2023	
Chengdu Huazhong Investment Management Co., Ltd. 成都華中投資管理有限公司	the PRC	RMB2,000,000	–	–	96.7%	96.7%	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
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. (Note (e)) 瀋陽遼河保創物業綜合服務有限公司	the PRC	RMBNil	–	–	–	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	RMB10,000,000	–	–	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

35 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Details of the Company's principal subsidiaries as at 31 December 2024 and 2023, are as follows:
(Continued)

Name of subsidiary	Place of incorporation/ operations	Paid-up issued capital	Proportion of ownership interest held by the Company				Principal activities
			Direct		Indirect		
			2024	2023	2024	2023	
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") 保利環境服務(廣東)有限公司	the PRC	RMB80,142,857	65%	65%	–	–	Environmental service
Guangzhou Huang Pu Poly Property Service Co., Ltd. 廣州黃埔保利物業服務有限公司	the PRC	RMBNil	–	–	100%	100%	Property management
Shenzhen Baoli Modern Urban Services Co., Ltd. 深圳寶利現代化城市服務有限公司 (previously known as Guangzhou Poly Property Development Co., Ltd. 廣州保荔物業發展有限公司)	the PRC	RMBNil	–	–	100%	100%	Property management
Poly (Hai Nan Special Economic Zone) Property Service Co., Ltd. 保利(海南經濟特區)物業服務有限公司	the PRC	RMB10,000,000	100%	100%	–	–	Property management
Silver Poly Wei Li Environment Service Co., Ltd. 白銀保衛利環境服務有限公司	the PRC	RMBNil	–	–	65%	65%	Environmental services
Hengyuan (Hong Kong) Service Limited 恒遠(香港)服務有限公司	the HK	RMBNil	100%	100%	–	–	Inactive
Guangdong Xinzhihui Technology Co., Ltd. ("Guangdon Xinzhihui") 廣東芯智慧科技有限公司	the PRC	RMB14,362,982	70%	70%	–	–	Research and development in the intelligent technology products, automatic system and electronic products

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Details of the Company's principal subsidiaries as at 31 December 2024 and 2023, are as follows:
(Continued)

Name of subsidiary	Place of incorporation/ operations	Paid-up issued capital	Proportion of ownership interest held by the Company				Principal activities
			Direct		Indirect		
			2024	2023	2024	2023	
Xuzhou Poly Xincheng Property Management service Co., Ltd. 徐州保利鑫城物業管理服務有限公司	the PRC	RMB3,000,000	–	–	100%	100%	Property management
Guangzhou Nansha Baowu Property Management Co., Ltd. 廣州南沙保物業管理有限公司	the PRC	RMB1,000,000	–	–	100%	100%	Property management
Baolian (Wafangdian) City Appearance and Environmental Services Co., Ltd. 保連(瓦房店)市容環境服務有限公司	the PRC	RMBNil	–	–	100%	100%	Environmental services
Jilin Hengfu Poly Property Services Co., Ltd. 吉林恒富保利物業服務有限公司	the PRC	RMBNil	100%	100%	–	–	Property management
Xinjiang Poly Property Services Co., Ltd. 新疆保利物業服務有限公司	the PRC	RMBNil	100%	100%	–	–	Property management
Henan Poly Property Services Co., Ltd. 河南保利物業服務有限公司	the PRC	RMBNil	100%	100%	–	–	Property management
Poly (Shanxi) Property Services Co., Ltd. 保利(山西)物業服務有限公司	the PRC	RMBNil	100%	100%	–	–	Property management
Foshan Baoshun Property Services Co., Ltd. 佛山市保順物業服務有限公司	the PRC	RMBNil	–	–	100%	100%	Property management
Baochuang (Henan) City Operation and Services Co., Ltd. 保創(河南)城市運營服務有限公司	the PRC	RMB5,000,000	–	–	51%	51%	Property management
Shanxi Baojin Property Services Co., Ltd. 山西保晉物業服務有限公司	the PRC	RMBNil	–	–	100%	100%	Property management
Gansu Poly Property Services Co., Ltd. 甘肅保利物業服務有限公司	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 2024 and 2023, are as follows:
(Continued)

Name of subsidiary	Place of incorporation/ operations	Paid-up issued capital	Proportion of ownership interest held by the Company				Principal activities
			Direct		Indirect		
			2024	2023	2024	2023	
Qixian Baowu Property Services Co., Ltd. 邱懸保物業服務有限公司	the PRC	RMBNil	–	–	100%	100%	Property management
Shenzhen Longhua Boamin Urban Operation Services Co., Ltd. (Note (f)) 深圳龍華保民城市運營服務有限公司	the PRC	RMBNil	–	–	100%	–	Property management
Ningbo Baoyong Property Management Co., Ltd. (Note (f)) 寧波保甬物業管理有限公司	the PRC	RMBNil	–	–	100%	–	Property management
Guangzhou Baiyun Commercial Property Management Co., Ltd. (Note (f)) 廣州白雲商保物業管理有限公司	the PRC	RMB1,000,000	–	–	100%	–	Property management
Shanxi Baoyang Property Services Co., Ltd. (Note (f)) 山西保陽物業服務有限公司	the PRC	RMBNil	–	–	100%	–	Property management

Notes:

- (a) The english names of all subsidiaries established in the PRC are translated for identification purpose only.
- (b) All companies comprising the Group have adopted 31 December as their financial year end date.
- (c) All entities established in the PRC are in the form of domestic limited liability company.
- (d) 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 deregistered during the year ended 31 December 2024.
- (f) The subsidiaries were incorporated during the year ended 31 December 2024.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests

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	
		2024	2023	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Poly Changchun	The PRC	50%	50%	3,879	1,842	23,815	19,936
Poly Tianchuang	The PRC	40%	40%	6,880	9,071	62,948	56,068
Poly Zhongshe	The PRC	40%	40%	810	2,984	8,433	10,089
Poly Environmental	The PRC	35%	35%	(4,172)	700	22,442	25,814
Individual immaterial subsidiaries with non-controlling interests						52,696	44,722
						170,334	156,629

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	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Non-current assets	723	723	29,190	35,777
Current assets	108,167	93,202	196,701	175,788
Non-current liabilities	–	–	(4,962)	(7,932)
Current liabilities	(61,261)	(54,053)	(63,560)	(63,464)
Net assets	47,629	39,872	157,369	140,169
Non-controlling interests	23,815	19,936	62,948	56,068
Revenue	91,930	110,112	572,083	520,425
Profit and total comprehensive income	7,757	3,684	17,209	22,677
Profit attributable to non-controlling interests	3,879	1,842	6,880	9,071
Net cash inflow from operating activities	15,790	3,557	4,361	42,498
Net cash outflow from investing activities	(301)	(122)	(2,909)	(271)
Net cash outflow from financing activities	–	–	(1,236)	(1,150)
Net cash inflow	15,489	3,435	216	41,077

35 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests (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. (Continued)

Name	Poly Zhongshe		Poly Environmental	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Non-current assets	126	269	27,909	28,406
Current assets	24,915	28,707	87,880	89,742
Non-current liabilities	–	–	(3)	(50)
Current liabilities	(3,958)	(3,754)	(54,898)	(44,343)
Net assets	21,083	25,222	60,888	73,755
Non-controlling interests	8,433	10,089	22,442	25,814
Revenue	12,648	32,902	155,412	110,394
Profit/(loss) and total comprehensive income/(expense)	2,026	7,460	(13,667)	2,000
Profit/(loss) attributable to non-controlling interests	810	2,984	(4,172)	700
Dividends paid to non-controlling interests	2,466	9,482	–	–
Net cash inflow/(outflow) from operating activities	2,711	1,891	(1,452)	(24,537)
Net cash outflow from investing activities	(4)	(15)	(8,252)	(23,732)
Net cash (outflow)/inflow from financing activities	(6,165)	(23,705)	550	29,981
Net cash outflow	(3,458)	(21,829)	(9,154)	(18,288)

36 MATERIAL RELATED PARTY TRANSACTIONS

Other than 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Material related party transactions

	2024 RMB'000	2023 RMB'000
Poly Developments and Holdings Group		
Provision of services		
– Property management services	184,140	196,642
– Value-added services to non-property owners, other than rental income	1,396,564	1,378,267
– Community value-added services	523,803	588,125
– Rental income	63,780	67,609
Lease contract arrangements		
– Right-of-use assets	722,466	213,234
– Lease liabilities	28,494	39,555
– Depreciation	291,527	295,195
– Interest expense	1,207	1,336
– Short-term leases expenses	5,880	7,584
– Shared rent expense	10,041	51,146
Associates of Poly Developments and Holdings Group		
Provision of services		
– Property management services	55,422	35,059
– Value-added services to non-property owners, other than rental income	131,646	144,362
– Community value-added services	15,474	14,171
– Rental income	1,941	1,209
Lease contract arrangements		
– Right-of-use assets	1,732	2,676
– Lease liabilities	1,694	2,351
– Depreciation	945	290
– Interest expense	94	18
– Short-term leases expenses	–	251

36 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Material related party transactions (Continued)

	2024 RMB'000	2023 RMB'000
Joint venture of Poly Developments and Holdings Group		
Provision of services		
– Property management services	2,093	2,017
– Value-added services to non-property owners, other than rental income	41,916	42,763
– Community value-added services	8,955	2,873
China Poly Group		
Provision of services		
– Property management services	25,758	20,583
– Rental income	10,293	13,416
Purchase of products	195,480	11,463
Disposal of financial assets at fair value through other comprehensive income	–	13,111
Poly Finance		
Interest income	11,031	4,112

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Material related party balances

	2024 RMB'000	2023 RMB'000
Poly Developments and Holdings Group		
– Trade receivable	479,233	422,405
– Deposit and other receivable	21,983	18,993
– Trade payable	67,702	42,459
– Accrual and other payable	72,900	68,159
– Contract liabilities	33,616	28,185
Associates of Poly Developments and Holdings Group		
– Trade receivable	79,095	77,063
– Deposit and other receivable	2,612	1,409
– Trade payable	9,876	13,748
– Accrual and other payable	2,726	1,431
– Contract liabilities	2,447	5,129
Joint ventures of Poly Developments and Holdings Group		
– Trade receivable	19,053	20,769
– Deposit and other receivable	172	175
– Trade payable	6,291	5,151
– Accrual and other payable	445	522
– Contract liabilities	5,475	5,585
China Poly Group		
– Trade receivable	2,672	387
– Deposit and other receivable	5,610	226
– Trade payable	1,992	1,592
– Accrual and other payable	1,768	2,541
– Contract liabilities	223	19

As at 31 December 2024 and 2023, all balances are unsecured, interest-free and repayment on demand or according to contract terms.

36 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(d) Material transactions with other state-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 2024 and 2023, the Group provided 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 events after 31 December 2024 and until the date of this been issued.

FIVE YEAR FINANCIAL SUMMARY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
Revenue	8,037,156	10,782,549	13,686,662	15,061,858	16,342,312
Cost of services	(6,538,095)	(8,767,909)	(11,112,818)	(12,108,767)	(13,358,006)
Gross profit	1,499,061	2,014,640	2,573,844	2,953,091	2,984,306
Other income and other gains and losses, net	210,477	153,909	163,996	136,293	116,284
Selling and marketing expenses	(15,187)	(9,460)	(6,370)	(18,013)	(11,897)
Administrative expenses	(769,722)	(1,006,025)	(1,207,019)	(1,226,151)	(1,122,016)
Other expense	(2,377)	(1,979)	(1,661)	(2,183)	(2,298)
Share of results of associates and joint venture	17,745	21,915	(4,803)	2,730	4,772
Finance costs	(4,805)	(10,563)	(4,629)	(4,694)	(4,504)
Profit before tax	935,192	1,162,437	1,513,358	1,841,073	1,964,647
Income tax expense	(239,077)	(291,553)	(380,009)	(443,887)	(475,211)
Profit for the year	696,115	870,884	1,133,349	1,397,186	1,489,436
Profits for the year attributable to:					
– Owners of the Company	673,525	845,693	1,112,933	1,380,140	1,473,850
– Non-controlling interests	22,590	25,191	20,416	17,046	15,586
	696,115	870,884	1,133,349	1,397,186	1,489,436

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
Assets					
Non-current assets	545,529	1,147,355	976,607	649,188	3,145,233
Current assets	8,898,653	9,990,568	12,132,930	14,228,069	13,636,004
Total assets	9,444,182	11,137,923	13,109,537	14,877,257	16,781,237
Liabilities					
Current liabilities	3,129,759	4,136,162	5,185,062	5,921,304	6,840,583
Non-current liabilities	67,644	112,999	79,646	79,419	69,306
Total liabilities	3,197,403	4,249,161	5,264,708	6,000,723	6,909,889
Total equity	6,246,779	6,888,762	7,844,829	8,876,534	9,871,348