The following is the text of a report set out on pages I-1 to I-2, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CENTRAL CHINA NEW LIFE LIMITED AND BNP PARIBAS SECURITIES (ASIA) LIMITED

Introduction

We report on the historical financial information of Central China New Life Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-77, which comprises the consolidated balance sheets as at December 31, 2017, 2018 and 2019, the company balance sheets as at December 31, 2018 and 2019 and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the three years ended December 31, 2017, 2018 and 2019 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-77 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated May 5, 2020 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at December 31, 2018 and 2019 and the consolidated financial position of the Group as at December 31, 2017, 2018 and 2019 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

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

Dividends

We refer to note 30 to the Historical Financial Information which states that no dividends have been paid by Central China New Life Limited in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
May 5, 2020

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

Consolidated statements of comprehensive income

	Note	Year ended December 31, 2017	2018	2019
		RMB'000	RMB'000	RMB'000
Continuing operations				
Revenue	5	460,532	693,988	1,754,402
Cost of sales	9	(355,268)	(533,306)	(1,178,118)
Gross profit		105,264	160,682	576,284
Selling and marketing expenses	9	(5,172)	(11,748)	(46,494)
Administrative expenses	9	(63,681)	(86,360)	(230,311)
Net impairment losses on financial assets	3.1.2	(574)	(1,539)	(182)
Other income	6	56,809	49,405	20,463
Other gains—net	7	8,055	4,730	4,096
Operating profit		100,701	115,170	323,856
Finance income		202	223	933
Finance cost		(49,312)	(43,020)	(17,219)
Finance cost—net	8	(49,110)	(42,797)	(16,286)
Share of net profit/(loss) of an associate accounted for using the equity method	11	1,310	(506)	(29)
Profit before income tax		52,901	71,867	307,541
Income tax expenses	12	(13,775)	(19,897)	(74,702)
Profit from continuing operations		39,126	51,970	232,839
Loss from discontinued operation	13	(42,602)	(69,737)	(5,054)
Profit/(loss) for the year		(3,476)	(17,767)	227,785
Profit/(loss) is attributable to:				
—Owners of the Company		23,411	19,471	233,954
—Non-controlling interests		(26,887)	(37,238)	(6,169)
		(3,476)	(17,767)	227,785

	Note	Year ended December 31, 2017	2018	2019
		RMB'000	RMB'000	RMB'000
Profit/(loss) for the year		(3,476)	(17,767)	227,785
Other comprehensive income for the year, net of tax		—	—	—
Total comprehensive income/(loss) for the year		(3,476)	(17,767)	227,785
Total comprehensive income/(loss) for the year is attributable to:				
—Owners of the Company		23,411	19,471	233,954
—Non-controlling interests		(26,887)	(37,238)	(6,169)
		(3,476)	(17,767)	227,785
Total comprehensive income/(loss) for the year attributable to owners of the Company arises from:				
—Continuing operations		39,126	51,293	232,132
—Discontinued operations		(15,715)	(31,822)	1,822
		23,411	19,471	233,954
Earnings per share for profit from continuing operations attributable to the owners of the Company (expressed in RMB per share)				
—Basic and diluted	14	1.03	1.35	6.07
Earnings per share for profit attributable to the owners of the Company (expressed in RMB per share)				
—Basic and diluted	14	0.62	0.51	6.12

Note: The earnings per share presented above has not been taken into account the proposed capitalization issue pursuant to the resolutions in writing of the shareholders passed on April 29, 2020 because the proposed capitalization issue has not become effective on or before the date of the Prospectus.

Consolidated balance sheets

	Note	As of December 31, 2017	2018	2019
		RMB'000	RMB'000	RMB'000
Assets				
Non-current assets				
Investment in an associate	11	2,943	2,437	971
Property, plant and equipment	15	16,914	21,101	18,082
Intangible assets	16	9,227	8,333	72,950
Investment properties	17	240,927	214,444	—
Other receivables and prepayments	20	649	27,237	2,292
Deferred income tax assets	29	6,848	9,742	6,962
		277,508	283,294	101,257
Current assets				
Inventories		—	—	5,179
Contract assets	5	—	—	3,084
Trade and other receivables and prepayments	20	894,887	870,779	767,287
Financial assets at fair value through profit or loss	19	45,207	35,101	1,530
Restricted cash	22	404	408	312
Cash and cash equivalents	21	121,814	134,260	584,795
		1,062,312	1,040,548	1,362,187
Total assets		1,339,820	1,323,842	1,463,444
Equity				
Equity attributable to owners of the Company				
Share capital	23	—	—	3
Other reserves	24	95,000	82,840	123,297
Retained earnings		14,360	33,831	246,142
		109,360	116,671	369,442
Non-controlling interests		(9,776)	(19,356)	12,207
Total equity		99,584	97,315	381,649
Liabilities				
Non-current liabilities				
Borrowings	28	604,500	430,000	—
Lease liabilities	26	162,597	136,772	1,256
Contract liabilities	5	20,857	33,814	59,155
Deferred income tax liabilities	29	—	—	3,717
		787,954	600,586	64,128
Current liabilities				
Borrowings	28	5,430	6,426	—
Lease liabilities	26	56,409	66,383	1,886
Trade and other payables	27	256,618	353,191	654,265
Contract liabilities	5	110,216	167,481	310,852
Current income tax liabilities		23,609	32,460	50,664
		452,282	625,941	1,017,667
Total liabilities		1,240,236	1,226,527	1,081,795
Total equity and liabilities		1,339,820	1,323,842	1,463,444

Balance sheets—Company

	Note	As of December 31, 2018	As of December 31, 2019
		RMB'000	RMB'000
Assets			
Non-current assets			
Investment in a subsidiary	36	100,000	109,381
Current assets			
Prepayments	20	730	10,767
Cash and cash equivalents	21	—	6,941
Total assets		100,730	127,089
Equity			
Equity attributable to owners of the Company			
Share capital	23	—	3
Other reserves	24	100,000	118,814
Retained earnings		—	410
Total equity		100,000	119,227
Liabilities			
Current liabilities			
Amounts due to subsidiaries		730	7,862
Total liabilities		730	7,862
Total equity and liabilities		100,730	127,089

Consolidated statements of changes in equity

	Attributable to owners of the Company					
	Share capital	Other reserves	(Accumulated losses)/retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2017	—	95,000	(9,051)	85,949	17,111	103,060
Comprehensive income						
Profit/(loss) for the year	—	—	23,411	23,411	(26,887)	(3,476)
Balance at December 31, 2017	—	95,000	14,360	109,360	(9,776)	99,584
Balance at January 1, 2018	—	95,000	14,360	109,360	(9,776)	99,584
Comprehensive income						
Profit/(loss) for the year	—	—	19,471	19,471	(37,238)	(17,767)
Transactions with owners:						
—Capital contributions from the shareholders of the Company (Note 24 (a))	—	100,000	—	100,000	—	100,000
—Deemed distributions to the then shareholders of the Group (Note 24 (a))	—	(100,000)	—	(100,000)	—	(100,000)
—Capital contribution from non-controlling interests	—	—	—	—	15,498	15,498
—Transaction with non-controlling interests (Note 24 (b))	—	(12,160)	—	(12,160)	12,160	—
Balance at December 31, 2018	—	82,840	33,831	116,671	(19,356)	97,315
Balance at January 1, 2019	—	82,840	33,831	116,671	(19,356)	97,315
Comprehensive income						
Profit/(loss) for the year	—	—	233,954	233,954	(6,169)	227,785
Transactions with owners:						
—Capital contributions from the shareholders of the Company (Note 23)	3	9,432	—	9,435	—	9,435
—Disposal of subsidiaries (Note 13)	—	—	—	—	26,053	26,053
—Share option scheme—value of employee services	—	9,382	—	9,382	—	9,382
—Acquisition of subsidiaries (Note 32)	—	—	—	—	4,231	4,231
—Capital contribution from non-controlling interests	—	—	—	—	7,448	7,448
—Appropriation of statutory reserves	—	21,643	(21,643)	—	—	—
Balance at December 31, 2019	3	123,297	246,142	369,442	12,207	381,649

Consolidated statements of cash flows

	Note	Year ended December 31, 2017	2018	2019
		RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Continuing operations				
Cash generated from operations	31	66,250	107,814	316,137
Income tax paid		(231)	(13,940)	(50,882)
		66,019	93,874	265,255
Discontinued operation		17,830	39,588	15,444
Net cash generated from operating activities		83,849	133,462	280,699
Cash flows from investing activities				
Continuing operations				
Purchases of property, plant and equipment		(3,142)	(4,401)	(14,146)
Purchase of intangible assets		(848)	(515)	(568)
Proceeds from disposal of property, plant and equipment		20	1	7
Repayments of loans from other entities		224,576	82,949	564,000
Interest received		14,417	90,056	54,937
Payment for acquisition of subsidiaries, net	32	—	(24,800)	(12,932)
Acquisition of financial assets at fair value through profit or loss	19	(586,839)	(78,554)	(278,430)
Proceeds from disposal of financial assets at fair value through profit or loss	19	614,649	95,095	309,008
Injection to an associate	11	(1,500)	—	(1,000)
		261,333	159,831	620,876
Discontinued operation		(35,174)	(22,324)	23,056
Net cash generated from investing activities		226,159	137,507	643,932
Cash flows from financing activities				
Capital injection from the shareholders of the Company	24	—	100,000	9,435
Distributions to the then shareholders of the Group	24	—	(100,000)	—
Capital injection by non-controlling interests		—	498	7,448
Repayments of borrowings		(198,425)	(173,504)	(436,426)
Cash advances from entities controlled by Mr. Wu		9,159	17,985	21,444
Cash advances from other entities		—	—	5,781
Repayments to entities controlled by Mr. Wu		(32,584)	(12,348)	(8,866)
Repayments to other entities				(4,300)
Interest paid		(43,236)	(49,710)	(32,391)
Principal elements of lease payments		(446)	(1,581)	(4,647)
Listing expenses paid		—	(973)	(7,952)
		(265,532)	(219,633)	(450,474)
Discontinued operation		(22,207)	(38,890)	(23,813)
Net cash used in financing activities		(287,739)	(258,523)	(474,287)
Net increase in cash and cash equivalents		22,269	12,446	450,344
Cash and cash equivalents at beginning of year		99,545	121,814	134,260
Exchange gain on cash and cash equivalents		—	—	191
Cash and cash equivalents at end of year		121,814	134,260	584,795

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 General information, Reorganization and basis of presentation

1.1 General information

The Company was incorporated in the Cayman Islands on October 16, 2018 as an exempted company with limited liability under the Companies Law CAP.22 of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") are principally engaged in (i) provision of property management services and related value-added services (ii) provision of lifestyle services and (iii) provision of commercial property management and consultation services in the People's Republic of China (the "PRC") (the "Listing Business"). The ultimate holding company of the Company is Enjoy Start Limited ("Enjoy Start"), a company incorporated under the laws of British Virgin Islands ("BVI"). The ultimate controlling shareholder of the Group is Mr. Wu Po Sum ("Mr. Wu", or the "Controlling Shareholder").

1.2 Reorganization

On December 19, 2017, Mr. Wu acquired the 100% equity interests of Henan Central China New Life Service Co., Ltd. from independent third parties at a consideration of RMB100,000,000 (the "Acquisition") and became the ultimate controlling shareholder of Henan Central China New Life Service Co., Ltd. and its subsidiaries (together "Henan Central China New Life Group").

Prior to the reorganization as described below (the "Reorganization"), the Listing Business was carried out by Henan Central China New Life Group, which was controlled by Mr. Wu since the Acquisition.

In preparation of the initial public offering and listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing"), the Group underwent the Reorganization to establish the Company as the holding company of the Listing Business. Details of the Reorganization are set out below:

(a) On October 16, 2018, the Company was incorporated in the Cayman Islands with authorized ordinary shares of 38,000,000 at par value of HK$0.01 each. Upon incorporation, one share was issue to an Independent Third Party. On the same date, such share was transferred to Enjoy Start and remaining 37,999,999 shares were allotted to Enjoy Start, which was controlled by Mr. Wu.

(b) On October 26, 2018, Sky Joy Limited ("Sky Joy") was incorporated in BVI. Upon incorporation, 1 ordinary share was allotted to the Company.

(c) On November 2, 2018, Central China New Life (Hong Kong) Limited ("CCNL(HK)") was incorporated in Hong Kong. Upon incorporation, its entire 10,000 shares were allotted to Sky Joy.

(d) On November 20, 2018, 100% equity interests of Henan Central China New Life Service Co., Ltd. were transferred to CCNL(HK) at a consideration of RMB100 million. Since then, Henan Central China New Life Service Co., Ltd. became a wholly-owned subsidiary of the Company.

Upon completion of the Reorganization, the Company became the holding company of the companies engaged in the Listing Business.

1.3 Basis of presentation

Immediately prior to and after the Reorganization, the Listing Business is conducted through Henan Central China New Life Group. Pursuant to the Reorganization, the Listing Business hold through Henan Central China New Life Group are transferred to and held by the CCNL (HK), which is an indirectly wholly owned subsidiary of the Company. The Company has not been involved in any other business prior to the Reorganization and do not meet the definition of a business. The steps as described in Note 1.2 above are merely a Reorganization of Henan Central China New Life Group and did not change the business substance and management of the Listing Business conducted through Henan Central China New Life Group.

Accordingly, the Group resulting from the Reorganization is regarded as a continuation of the Listing Business under Henan Central China New Life Group and, for the purpose of this report, the Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of Henan Central China New Life Group, with the assets and liabilities of the Group recognized and measured at the carrying amounts of the Listing Business as recorded in the consolidated financial statements of Henan Central China New Life Service Co., Ltd. for all periods presented.

2 Summary of significant accounting policies

The principal accounting policies applied in preparation of the Historical Financial Information are set out as below. These policies have been consistently applied to all the years presented, unless otherwise stated. HKFRS 9 "Financial Instruments" and HKFRS 15 "Revenue from contracts with customers" are effective for annual periods beginning on or after January 1, 2018 and HKFRS 16 "Leases" is effective for annual periods beginning on or after January 1, 2019, respectively, and earlier adoption is permitted. The Group has applied HKFRS 9, HKFRS 15 and HKFRS 16 consistently throughout the Track Record Period.

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA. The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The HKICPA has issued the following new standards and amendments to existing standards which are not yet effective and have not been early adopted by the Group during the Track Record Period:

		Effective for annual periods beginning on or after
HKAS 1 and HKAS 8 (Amendment)	Definition of material	January 1, 2020
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework For Financial Reporting	January 1, 2020
HKFRS 3 (Amendment)	Definition of a Business	January 1, 2020
HKAS 39, HKFRS 7 and HKFRS 9	Hedge accounting (amendments)	January 1, 2020
HKFRS 17	Insurance contracts	January 1, 2021
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards and amendments. According to the preliminary assessment made by the Group, no significant impact on the Group's financial statements is expected when they become effective.

2.2 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including a structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 2.3).

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see Note 2.2 (c) below), after initially being recognized at cost.

(c) Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.10.

(d) Changes in ownership interests in subsidiaries without change of control

The Group treats transactions with non-controlling interests that do not result in a loss of control as equity transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Group.

2.3 Business combinations

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

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

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

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity,

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

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

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

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker ("CODM"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Historical Financial Information are presented in RMB, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the combined statements of comprehensive income within finance costs. All other foreign exchange gains and losses are presented in the combined statements of comprehensive income on a net basis within other gains—net.

2.7 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

—	Vehicles	5 years
—	Equipment and furniture	3-5 years
—	Machinery and others	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in profit or loss.

2.8 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 2.3. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

(b) Platform and Know-How

Platform and Know-How acquired in a business combination is recognized at fair value at the acquisition date. The contractual technology has a finite useful life and is carried at cost less accumulated amortization. Considering Platform and Know-How are information technology in nature and subject to technological innovation and technical innovation and technical improvement, the Directors determined the useful life of 10 years with reference to technological advancement in the property management industry, the Group's experience with its residents and its experience in and forecast for the property management industry. Amortization is calculated using the straight-line method over the expected life of 10 years for the technology.

(c) Order Backlog and Customer Relationship

Order Backlog and customer relationship acquired in a business combination is recognized at fair value at the acquisition date. The order backlog and customer relationship have a finite useful life and are carried at cost less accumulated amortization. The Directors determined the useful life of Order Backlog with reference to the term of outstanding contract and the useful life of Customer Relationship with reference to each existing contract based on contract expiring dates, historical trend of termination or renewal rate, experience in the property management industry and to the useful life of customer relationships used by industry peers. Amortization is calculated using the straight-line method over the expected life of 3 ~10 years.

(d) Other intangible assets

Other intangible assets mainly include computer software. They are initially recognized and measured at costs incurred to acquire and bring them to use. Other intangible assets are amortized over their estimated useful lives (generally 3 to 5 years), using the straight-line method which reflects the pattern in which the intangible asset's future economic benefits are expected to be consumed.

2.9 Investment properties

Investment properties, representing commercial properties held under leases, are held for rental yields and are not occupied by the Group. The Group measured its investment properties at cost, including related transaction costs and where applicable borrowing costs. Depreciation is calculated using the straight-line method to allocate their cost over their lease term typically varying from 3 to 8 years.

2.10 Impairment of non-financial assets

Goodwill that has an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.11 Discontinued operation

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated statement of comprehensive income.

2.12 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

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

Equity instruments

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

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other gains—net in the consolidated statements of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheets where the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the assets and settle the liabilities simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.13 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and financial assets at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1.2 details how the Group determines whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Impairment on other receivables from third parties, related parties and non-controlling interests are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.14 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.15 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 20 for further information about the Group's accounting for trade receivables and Note 3.1.2 for a description of the Group's impairment policies.

2.16 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions.

2.17 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.18 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.19 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.20 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

2.21 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.22 Employee benefits

(a) Pension obligations

The Group only operate defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organized by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(b) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

2.23 Share-based payments

Share-based compensation benefits are provided to employees via the 2019 Employee Share Option Plan. Information relating to the schemes is set out in Note 25.

Employee options

The fair value of options granted under the 2019 Employee Share Option Plan is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the entity's share price),
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

2.24 Provisions

Provisions for legal claims, service warranties and make good obligations are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

2.25 Revenue recognition

Revenues are recognized when or as the control of the goods or services is transferred to the customer. Depending the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time.

(a) Property management services and value-added services

The Group provides property management services, onsite sales assistance service, consultancy services, installation service, property inspection service, property agency services and membership service. Revenue from providing services is recognized in the accounting period in which the services are rendered as the customer simultaneously receives and consumes the benefits provided by the Group's performance when the Group performs.

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

Consultancy services, mainly includes consultancy services to property developers, providing designing, cleaning, greening, construction supervision, 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.

For installation service, the Group provides installation services for the security system and other establishment of intelligence communities. The Group recognizes revenue over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of the performance obligation, in an amount that reflects the consideration expected to be entitled and, depending on the nature of the contract, is measured mainly by reference to (a) the proportion of contract costs incurred for work performed to date to estimated total contract costs for each contract; or (b) completion of physical proportion of the contract work.

For property inspection service, the Group provide property quality inspection to property developer and the revenue is recognized upon the completion of service.

For property agency service, the Group act as a sales agent for property developer, landlord and tenant and provides property agency services, which charge such property developers, landlord and tenant a commission calculated based on the contract purchase price. Revenue from agency services is recognized at a point in time when the service is rendered and the sales and purchase agreement or leasing agreement are executed and become effective.

For the membership service, the Group provides exclusive customer services to VIP members selected by Central China Real Estate Limited and its subsidiaries (the "CCRE Group"). The Group bills CCRE a management fee based on the number of members and additional fees for organizing special events.

(b) Lifestyle services

Lifestyle services mainly includes travel services, sales of goods and provision of catering services.

For travel services, the Group provides short-term self-operated tour service. Revenue from tours is recognized over time in accounting period in which the control of services are transferred to the customer because the customer simultaneously receives and consumes benefits provided by the Group's performance as it performs. Payment is usually made to the Group before the customers receive the tour services.

The Group determines the presentation of its revenue by assessing whether it acts as the principal of the services that are rendered. The Group presents its revenue on a gross basis (that is, the amount billed to the users) as the Group acts as a principal by pre-purchasing the travel related products from the travel service suppliers. The purchase payments to the travel suppliers are recorded as "cost of revenue" in the consolidated statements of comprehensive income.

The Group procures merchandise from suppliers and sells goods directly to the property owners online and in community. Sales of goods are recognized when the Group delivers the goods to the customers. The Group presents the revenue on a net basis when the Group acts as an agent with no control over the goods and does not assume inventory risk.

The Group operates the food court to provide catering services. Revenue from provision of catering services are recognized at a point in time when the food and beverage are delivered to the customers.

(c) Commercial property management and consultation services

Commercial property management and consultation services includes hotel management and operation services and management for agricultural and cultural tourism projects and commercial real estate operation.

The Group recognizes the fee received or receivable as its revenue over time in the period in which the customer simultaneously receives and consumes the benefits provided by the services performed by the Group and all the related management costs as its cost of services.

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

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

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer.

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

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

2.26 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

Interest income on financial assets at amortized cost calculated using the effective interest method is recognized in the consolidated statement of comprehensive income as "other income".

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 8 below.

2.27 Leases

The Group as a lessee

The Group leases various properties. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security of borrowing purpose.

Lease are recognized as "Right-of-use Assets" (Note 15) and "Investment Properties" (Note 17) and corresponding liability at the date of which the lease asset for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability of each period. The right-of-use assets are depreciated over the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include:

(a) the net present value of the fixed payments (including in-substance fixed payments);

(b) variable lease payments that are based on an index or a rate;

(c) amounts expected to be payable by the lessee under residual value guarantees;

(d) the exercise price of an extension option if the lessee is reasonably certain to exercise that option; and

(e) payment of penalties for terminating of the lease, if the lease term reflects the lessee exercising that option.

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

Right-of-use assets are measured at cost comprising the following:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date less any lease incentives received;

(c) any initial direct cost; and

(d) restoration costs.

Payments associated with short-term leases with lease term of 12 months or less and leases of low-value assets are recognized on a straight-line basis over the lease term as an expense in profit or loss.

Extension and termination options

Extension and termination options are included in a number of property leases across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable upon fulfillment of certain notice period. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise such options. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

The Group as a sublease lessor

Sub-lease is a transaction for which an underlying asset is re-leased by a lessee ("sublease lessor") to a third party, and the lease ("head lease") between the head lessor and lessee remains in effect. In classifying a sublease, a sublease lessor shall classify the sublease as a finance lease or an operating lease as follows:

(a) If the head lease is a short-term lease that the entity, as a lessee, has accounted for the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis, the sublease shall be classified as an operating lease.

(b) Otherwise, the sublease shall be classified by referenced to the right-of-use assets arising from the head lease as finance lease or operating lease.

2.28 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.29 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

3 Financial risk management

3.1 Financial risk factors

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Group's activities expose it to a variety of financial risks: credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

3.1.1 Market risk

(i) Foreign exchange risk

The Group's businesses are principally conducted in RMB. As at December 31, 2019, major non-RMB assets were cash and cash equivalents which were denominated in Hong Kong dollar ("HK$"). As at December 31, 2017 and 2018, there was no non-RMB assets and liabilities. Fluctuation of the exchange rate of RMB against HK$ could affect the Group's results of operations. The Group has not entered into any forward exchange contract to hedge its exposure to foreign exchange risk.

As at December 31, 2019, the balance of foreign currency denominated monetary assets is not significant and accordingly the Group does not anticipate that there is significant exposure of foreign exchange risk.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risks arise from long-term borrowings. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings at variable rates expose the Group to cash flows interest rate risk.

As at December 31, 2017 and 2018, long-term borrowings of the Group were at fixed interest rate (Note 28).

(iii) Price risk

The Group is exposed to price risk in respect of financial assets at fair value through profit or loss held by the Group which are carried at fair value with changes in the fair value recognized in profit or loss.

To manage its price risk arising from investments, the Group diversifies its portfolio. Diversification of the portfolio is achieved in accordance with the limits set by the Group. Each investment is managed by senior management on a case by case basis. The impact of variable price of investments held by the Group is disclosed in Note 19.

3.1.2 Credit risk

The Group is exposed to credit risk in relation to its operating lease and trade receivables, contract assets, other receivables and cash deposits at banks. The carrying amounts of operating lease and trade receivables, contract assets, other receivables and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

(i) Cash deposits at banks

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

(ii) Trade receivables and contract assets

The Group assessed that the expected loss rate for trade receivables and contract assets from property developers were low considering the good finance position and credit history of the property developers. The directors believe that there is no material credit risk inherent in trade receivables and contract assets from property developers.

Apart from trade receivables and contract assets due from property developers, the Group has large number of customers and there was no concentration of credit risk.

The Group applies the simplified approach to provide for expected credit losses ("ECL") prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for operating lease, trade receivables and contract assets due from third parties. To measure the ECL, operating lease, trade receivables and contract assets due from third parties have been grouped based on shared credit risk characteristics and the days past due. The ECL also incorporate forward-looking information.

(iii) Other receivables due from certain entities

The Group expects that the credit risk associated with other receivables due from certain entities (including the loans due from the entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang, other loans due from non-controlling shareholders and other receivables due from related parties) is considered to be low, since these entities have a strong capacity to meet its contractual cash flow obligations in the near term. The Group has assessed that the ECL rate for the amounts due from these entities are immaterial under 12 months ECL method and considered them to have low credit risk, and thus the loss allowance is immaterial.

(iv) Other receivables other than those from certain entities

For other receivables other than those from certain entities, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

The Group considers the probability of default whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant changes in the expected performance and behavior of the borrowers, including changes in the payment status of borrowers and changes in the operating results of the borrowers.

(i) A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 180 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are 365 days past due	Lifetime expected losses

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and contract assets, and adjusts for forward looking macroeconomic data.

As of December 31, 2017, 2018 and 2019, the loss allowance provision for the trade and other receivables excluding trade receivables from property developers and loans to entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang and relevant interest receivables was determined as follows. The expected credit losses below also incorporated forward looking information.

The expected credit loss rate for the provision matrix is for trade receivables from non-property developers which are mainly related to our property management service business and other receivables excluding the certain natures of receivables and prepayments. As there is no significant change in the business operation of property management service, actual loss rates for trade receivables and other receivables, customer profile and the adjustments for forward looking macroeconomic data during the Track Record Period, the change in the expected credit loss rates for the provision matrix is insignificant throughout the Track Record Period.

	Up to 180 days	180 days to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	Total
Trade receivables (excluding trade receivables from property developers)							
At December 31, 2017							
Gross carrying amount (RMB'000)	28,137	23,075	33,106	9,392	4,079	3,985	101,774
Expected loss rate	1%	5%	10%	20%	50%	100%	
Loss allowance provision (RMB'000)	(281)	(1,154)	(3,311)	(1,878)	(2,040)	(3,985)	(12,649)
At December 31, 2018							
Gross carrying amount (RMB'000)	29,697	27,002	29,231	22,331	4,568	2,486	115,315
Expected loss rate	1%	5%	10%	20%	50%	100%	
Loss allowance provision (RMB'000)	(297)	(1,350)	(2,923)	(4,466)	(2,284)	(2,486)	(13,806)
At December 31, 2019							
Gross carrying amount (RMB'000)	34,519	33,948	16,881	13,956	6,394	3,609	109,307
Expected loss rate	1%	5%	10%	20%	50%	100%	
Loss allowance provision (RMB'000)	(345)	(1,698)	(1,688)	(2,791)	(3,197)	(3,609)	(13,328)

	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	Total
Other receivables (excluding certain nature receivables (Note (a)) and prepayments)						
At December 31, 2017						
Gross carrying amount (RMB'000)	5,136	15,109	—	—	—	20,245
Expected loss rate	5%	10%	20%	50%	100%	
Loss allowance provision (RMB'000)	(257)	(1,511)	—	—	—	(1,768)
At December 31, 2018						
Gross carrying amount (RMB'000)	7,945	4,899	14,617	—	—	27,461
Expected loss rate	5%	10%	20%	50%	100%	
Loss allowance provision (RMB'000)	(353)	(303)	(85)	—	—	(741)
Individually impaired receivables (RMB'000)	(874)	(1,873)	(14,190)	—	—	(16,937)
Total allowance provision	(1,227)	(2,176)	(14,275)	—	—	(17,678)
At December 31, 2019						
Gross carrying amount (RMB'000)	11,846	2,432	744	321	—	15,343
Expected loss rate	5%	10%	20%	50%	100%	
Loss allowance provision (RMB'000)	(592)	(243)	(149)	(161)	—	(1,145)

(a) Loans due from the entities controlled by Mr Hua Ziyi and Mr. Hua Zhichang, other loans due from non-controlling shareholders, other receivables due from related parties and other receivables from the disposal group are excluded from this credit risk assessment.

As of December 31, 2017, 2018 and 2019, the loss allowance provision for trade and other receivables (excluding certain nature receivables and prepayments) reconciles to the opening loss allowance for that provision as follows:

	Trade receivables (excluding trade receivables from property developers)	Other Receivables (excluding certain nature receivables and prepayments)	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2017	12,050	885	12,935
Net impairment losses on financial assets			
—Continuing operations	599	(25)	574
—Discontinued operations	—	908	908
At December 31, 2017	12,649	1,768	14,417
At January 1, 2018	12,649	1,768	14,417
Net impairment losses on financial assets			
—Continuing operations	1,157	382	1,539
—Discontinued operations	—	15,528	15,528
At December 31, 2018	13,806	17,678	31,484
At January 1, 2019	13,806	17,678	31,484
Net impairment losses/(reversal) on financial assets			
—Continuing operations	(478)	660	182
Divestment of subsidiaries			
—Discontinued operations	—	(17,193)	(17,193)
At December 31, 2019	13,328	1,145	14,473

As of December 31, 2017, 2018 and 2019, the gross carrying amount of trade and other receivables (excluding prepayments) was RMB904,296,000, RMB896,631,000 and RMB763,677,000 respectively, and thus the maximum exposure to loss was RMB889,879,000, RMB865,147,000 and RMB749,204,000 respectively.

3.1.3 Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyzes the Group's financial liabilities and lease liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of December 31, 2017					
Financial liabilities					
Borrowings	46,447	206,475	457,320	—	710,242
Trade and other payables (excluding accrued payroll and other tax payable)	203,868	—	—	—	203,868
Lease liabilities	58,324	53,320	112,219	21,443	245,306
	308,639	259,795	569,539	21,443	1,159,416

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of December 31, 2018					
Financial liabilities					
Borrowings	38,401	206,957	250,363	—	495,721
Trade and other payables (excluding accrued payroll and other tax payable)	261,507	—	—	—	261,507
Lease liabilities	73,521	57,635	87,116	8,553	226,825
	373,429	264,592	337,479	8,553	984,053

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of December 31, 2019					
Financial liabilities					
Borrowings	—	—	—	—	—
Trade and other payables (excluding accrued payroll and other tax payable)	474,859	—	—	—	474,859
Lease liabilities	1,943	563	845	—	3,351
	476,802	563	845	—	478,210

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the asset-liability ratio. This ratio is calculated as total liabilities divided by total assets.

As of December 31, 2017, 2018 and 2019, asset-liability ratio of the Group is as follows:

	As of December 31,		
	2017	2018	2019
Asset-liability ratio	93%	93%	74%

The asset-liability ratio decreased greatly in 2019 as the result of the disposal of the discontinued operation which was principally engaged in the provision of sub-leasing services.

4 Critical accounting estimates and judgments

The preparation of Historical Financial Information requires the use of certain critical accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Group's accounting policies.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Allowance on doubtful receivables and contract assets

The Group makes allowances on receivables and contract assets based on assumptions about risk of default and expected loss rates. The Group used judgment in making these assumptions and selecting the inputs to the impairment calculation, based on past collection history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and contract assets, as well as doubtful debt expenses in the periods in which such estimate has been changed. For details of the key assumptions and inputs used, see Note 3.1.2 above.

(b) Current and deferred income tax

The Group is subject to corporate income taxes in the PRC. Judgment is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognized when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. The outcome of their actual utilization may be different.

(c) Share-based payment

As mentioned in Note 25, the Group has granted share options to its employees. The directors have used the Binomial option-pricing model to determine the total fair value of the options granted to employees, which is to be expensed over the vesting period. Significant estimate on assumptions, such as the underlying equity valued, risk-free interest rate, expected volatility and dividend yield, is required to be made by the directors in applying the Binomial option-pricing model.

(d) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. Goodwill is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining whether goodwill is impaired requires an estimation of the recoverable amount of CGU to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The calculation requires the Group to estimate the future cash flows expected to arise from CGU 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, a material impairment loss/further impairment loss may arise.

5 Segment information

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

The CODM examines the Group's performance from service line perspective and has identified three reportable segments of its business:

- Property management and value-added services: this part of business provides property management services of residential properties and commercial properties, and related value-added services, including consultancy services to property developers, community value-added services, intelligent community services, Central China Consumer Club and real estate marketing services.
- Lifestyle services: this part of business primarily comprises tourism services, sales of goods and provision of catering services.
- Commercial property management and consultation services: this part of business primarily comprises provision of hotel management services and management for agricultural and cultural tourism projects and commercial real-estate operation.

Information about the discontinued segment is provided in Note 13.

During the Track Record Period, the Group mainly operates its businesses in the PRC and earns substantially all of the revenues from external customers attributed to the PRC. As of December 31, 2017, 2018 and 2019, substantially all of the non-current assets of the Group were located in the PRC. Therefore, no geographical segments are presented.

The CODM assesses the performance of the operating segments mainly based on the measure of operating profit excluding other income, other gains, finance cost and interest from loans to other entities which are not directly related to the segment performance ("segment results").

(a) Segment results

Segment results also excludes discontinued operations and the effects of significant items of expenditure which may have an impact on the quality of earnings such as central administration costs and listing expenses.

Interest income and finance cost are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

The segment results and the reconciliation with profit before income tax for the years ended December 31, 2017, 2018 and 2019 are as follows:

For the year ended December 31, 2017

	Property management and value-added services	Lifestyle services	Commercial property management and consultation services	Group
	RMB'000	RMB'000	RMB'000	RMB'000
Gross segment revenue	421,397	23,877	15,258	460,532
Revenue	421,397	23,877	15,258	460,532
Revenue from contracts with customers				
—at a point in time	17,719	—	—	17,719
—over time	403,678	23,877	15,258	442,813
Segment results	42,360	(4,586)	4,256	42,030
Other income				56,809
Other gains—net				8,055
Unallocated operating costs				(4,883)
Finance cost—net				(49,110)
Profit before income tax from continuing operations				52,901
Income tax expenses				(13,775)
Profit for the year				39,126
Depreciation	3,474	394	41	3,909
Amortization	1,014	10	—	1,024

For the year ended December 31, 2018

	Property management and value-added services	Lifestyle services	Commercial property management and consultation services	Group
	RMB'000	RMB'000	RMB'000	RMB'000
Gross segment revenue	620,712	62,179	11,097	693,988
Revenue	620,712	62,179	11,097	693,988
Revenue from contracts with customers				
—at a point in time	89,578	—	—	89,578
—over time	531,134	62,179	11,097	604,410
Segment results	78,947	(5,569)	(3,486)	69,892
Other income				49,405
Other gains—net				4,730
Unallocated operating costs				(9,363)
Finance cost—net				(42,797)
Profit before income tax from continuing operations				71,867
Income tax expenses				(19,897)
Profit for the year				51,970
Depreciation	5,480	587	476	6,543
Amortization	438	20	—	458

For the year ended December 31, 2019

	Property management and value-added services	Lifestyle services	Commercial property management and consultation services	Group
	RMB'000	RMB'000	RMB'000	RMB'000
Gross segment revenue	1,341,092	308,575	104,735	1,754,402
Revenue	1,341,092	308,575	104,735	1,754,402
Revenue from contracts with customers				
—at a point in time	453,143	159,988	47,074	660,205
—over time	887,949	148,587	57,661	1,094,197
Segment results	286,527	55,151	19,464	361,142
Other income				20,463
Other gains—net				4,096
Unallocated operating costs				(61,874)
Finance cost—net				(16,286)
Profit before income tax from continuing operations				307,541
Income tax expenses				(74,702)
Profit for the year				232,839
Depreciation	7,945	881	1,546	10,372
Amortization	2,185	1,495	—	3,680

(b) Segment assets and liabilities

Segment assets and liabilities are measured in the same way as in the financial statements. These assets and liabilities are allocated based on the operations of the segment.

Investments in financial assets that are managed by the treasury function are not considered to be segment assets. These are investments in wealth management products and fund products that are classified as at fair value through profit or loss.

The Group's borrowings are not considered to be segment liabilities, but are managed by the treasury function.

The following is the analysis of the Group's segment assets and liabilities for the year ended:

As at December 31, 2017

	Property management and value-added services	Lifestyle services	Commercial property management and consultation services	Intersegment eliminations	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	250,298	12,110	13,356	(2,102)	273,662
Discontinued operation					285,187
Loans to entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang and the relevant interest receivables					725,973
Deferred tax assets					6,848
Financial assets at fair value through profit or loss					45,207
Investments in an associate					2,943
Total assets					1,339,820
Segment liabilities	(367,853)	(5,407)	(2,385)	2,102	(373,543)
Discontinued operation					(233,154)
Borrowings					(609,930)
Current tax liabilities					(23,609)
Total liabilities					(1,240,236)

As at December 31, 2018

	Property management and value-added services	Lifestyle services	Commercial property management and consultation services	Intersegment eliminations	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	400,433	25,835	16,014	(9,497)	432,785
Discontinued operation					241,706
Loans to entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang and the relevant interest receivables					602,071
Deferred tax assets					9,742
Financial assets at fair value through profit or loss					35,101
Investments in an associate					2,437
Total assets					1,323,842
Segment liabilities	(518,454)	(17,059)	(14,847)	9,497	(540,863)
Discontinued operation					(216,778)
Borrowings					(436,426)
Current tax liabilities					(32,460)
Total liabilities					(1,226,527)

As at December 31, 2019

	Property management and value-added services	Lifestyle services	Commercial property management and consultation services	Intersegment eliminations	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	1,294,565	166,692	86,119	(93,395)	1,453,981
Deferred tax assets					6,962
Financial assets at fair value through profit or loss					1,530
Investments in an associate					971
Total assets					1,463,444
Segment liabilities	(955,570)	(96,638)	(68,601)	93,395	(1,027,414)
Deferred tax liabilities					(3,717)
Current tax liabilities					(50,664)
Total liabilities					(1,081,795)

(c) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major service lines:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Property management and related service	368,414	467,897	728,014
Consulting service	38,919	99,552	212,736
Commission income	696	40,089	195,925
Travel service income	23,877	62,179	138,789
Commercial property management and consultation services income	15,258	11,097	103,980
Installation services	7,737	—	144,190
Sales of goods	—	—	161,470
Membership management income	443	6,829	47,170
Others	5,188	6,345	22,128
	460,532	693,988	1,754,402
—at a point in time	17,719	89,578	660,205
—over time	442,813	604,410	1,094,197
Total revenue	460,532	693,988	1,754,402

For the years ended December 31, 2017, 2018 and 2019, revenues from CCRE Group contributed 15%, 17%, and 37% of the Group's revenue, respectively. Other than the CCRE Group, the Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the Track Record Period.

(d) Assets and liabilities related to contracts with customers

The Group has recognized the following assets and liabilities related to contracts with customers:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Contract assets			
Current contract assets	—	—	3,084
Loss allowance	—	—	—
Total contract assets	—	—	3,084
Contract liabilities			
Property management and value-added services	(128,439)	(195,473)	(358,426)
Lifestyle services	(2,634)	(5,114)	(10,998)
Commercial property management and consultation services	—	(708)	(583)
Total contract liabilities	(131,073)	(201,295)	(370,007)

(i) Significant changes in contract liabilities

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided.

(ii) Revenue recognized in relation to contract liabilities

The following table shows how much of the revenue recognized in the current reporting period relates to carried-forward contract liabilities.

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Revenue recognized that was included in the balance of contract liabilities at the beginning of the year			
Property management and value-added services	99,124	107,582	161,659
Lifestyle services	229	2,634	5,114
Commercial property management and consultation services	—	—	708
	99,353	110,216	167,481

(iii) Unsatisfied performance obligations

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

For other property management related value-added services and lifestyle services, they are rendered in short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts.

6 Other income

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Interests income from loans to entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang	56,267	48,880	13,164
Interests income from loans to third parties	—	—	2,769
Value-added tax deductible	—	—	3,858
Government grants (a)	542	525	672
	56,809	49,405	20,463

(a) Government grants mainly consisted of financial subsidies granted by the local governments.

7 Other gains—net

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Net fair value gains on financial assets at fair value through profit or loss	8,042	4,735	407
Net gains/(losses) on disposal of equipment	13	(5)	(65)
Remeasurement gains on investment in an associate (Note 32(a)(i))	—	—	3,563
Net foreign exchange gains	—	—	191
	8,055	4,730	4,096

8 Finance cost—net

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Finance income			
Interests income from bank deposits	202	223	933
Finance cost			
Interest expenses of borrowings	(49,268)	(42,907)	(16,992)
Interest expenses of lease liabilities	(44)	(113)	(227)
	(49,312)	(43,020)	(17,219)
Finance cost—net	(49,110)	(42,797)	(16,286)

9 Expenses by nature

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Employee benefit expenses (Note 10)	144,903	225,609	546,042
Outsourcing labor costs	125,343	124,849	51,743
Greening and cleaning expenses	32,682	78,395	140,197
Cost of goods sold	—	—	77,542
Outsourcing tourism services costs	21,479	56,555	126,870
Utilities	23,916	37,246	67,070
Maintenance costs	18,005	31,364	42,926
Construction costs	2,488	—	97,721
Professional service fees	5,372	9,810	32,369
Security charges	8,454	11,558	129,883
Depreciation and amortization charges	4,933	7,001	14,052
Traveling and entertainment expenses	7,288	9,036	21,021
Office expenses	9,969	13,283	21,293
Taxes and other levies	5,929	5,846	7,759
Listing expenses	—	4,256	26,299
Promotion expenses	1,065	954	6,925
Community service fees	1,090	1,592	11,025
Others	11,205	14,060	34,186
	424,121	631,414	1,454,923

10 Employee benefit expenses

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Wages, salaries and bonuses	116,305	181,840	444,950
Social insurance expenses and housing benefits (Note (a))	18,352	30,977	70,924
Share-based payment (Note 25)	—	—	9,382
Other employee benefits (Note (b))	10,246	12,792	20,786
	144,903	225,609	546,042

(a) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the employee salary to the scheme to fund the retirement benefits of the employees.

(b) Other employee benefits mainly include team building expenses, meal and traveling allowances.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included nil, nil and 1 director for the years ended December 31, 2017, 2018 and 2019 respectively. The emoluments payable to the 5 individuals during the Track Record Period are as follows:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Wages, salaries and bonuses	3,966	5,235	11,377
Pension costs, housing funds, medical insurance and other social insurances	173	225	336
Share-based payment	—	—	3,254
	4,139	5,460	14,967

The number of non-director emoluments fell within the following bands:

	Number of individuals		
	Year ended December 31,		
	2017	2018	2019
Emolument bands (in Hong Kong dollars ("HK$"))			
Nil—HK$1,000,000	4	3	—
HK$1,000,001—HK$2,000,000	1	2	—
HK$2,000,001—HK$3,000,000	—	—	2
HK$3,000,001—HK$4,000,000	—	—	2
	5	5	4

11 Investment in an associate

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Opening carrying amount	133	2,943	2,437
Capital injection	1,500	—	1,000
Share of profit/(loss)	1,310	(506)	(29)
Deemed disposal of an associate (Note 32)	—	—	(2,437)
Closing carrying amount	2,943	2,437	971

12 Income tax expenses

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and accordingly, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the BVI was incorporated under the International Business Companies Act of the BVI and, accordingly, is exempted from British Virgin Islands income tax.

Hong Kong profits tax rate is 16.5%. No provision for Hong Kong profits tax was provided as the Group did not have assessable profit in Hong Kong for the years ended December 31, 2018 and 2019.

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year/period, based on the existing legislation, interpretations and practices in respect thereof.

The general corporate income tax rate in PRC is 25%. Henan Aiou Electronic Technology Co., Ltd. ("Aiou Electronic"), one of the subsidiaries of the Group in the PRC, was qualified as "High and New Technology Enterprises" ("HNTEs") under the EIT Law. Aiou Electronic was qualified since the year of 2018. Accordingly, it was entitled to a preferential income tax rate of 15% for a 3-year period.

Pursuant to the Detailed Implementation Regulations for Implementation of the Corporate Income Tax Law issued on December 6, 2007, dividends distributed from the profits generated by the PRC companies after January 1, 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding income tax rate may be applied when the immediate holding companies of the subsidiaries in Mainland China are incorporated in Hong Kong and fulfill the requirements to the tax treaty arrangements between Mainland China and Hong Kong. The Group has not accrued any withholding income tax for these undistributed earnings of its subsidiaries in Mainland China as the Group does not have a plan to distribute these earnings from its subsidiaries in Mainland China.

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Current income tax	15,535	22,791	69,086
Deferred income tax (Note 29)	(1,760)	(2,894)	5,616
	13,775	19,897	74,702

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the group entities as follows:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Profit from continuing operations before income tax	52,901	71,867	307,541
Tax calculated at applicable income tax rate	13,225	17,967	77,214
Tax effects of:			
—Preferential income tax rates applicable to certain companies comprising the Group	—	—	(4,313)
—An associate's results reported net of tax	(327)	127	7
—Expenses not deductible for tax purposes	400	431	890
—The interest income arising from loans due from discontinued operations (Note a)	477	1,372	377
—Share-based compensation	—	—	2,346
—Tax losses and deductible temporary differences for which no deferred income tax asset was recognized	—	—	838
—Utilization of previously unrecognized tax losses	—	—	(1,766)
—Remeasurement gains on investment in an associate	—	—	(891)
Income tax expenses for continuing operations	13,775	19,897	74,702

The effective income tax rate was 26%, 28% and 24% for the years ended December 31, 2017, 2018 and 2019, respectively.

(a) During the Track Record Period, the continuing operations provided loans to discontinued operations with annual interest rate of 10%. The intra-group interest income/cost were eliminated in the consolidated statement of comprehensive income, while the relevant income tax expenses for continuing operations were not eliminated in the consolidated statement of comprehensive income.

13 Discontinued operations

(a) The Group disposed Henan Central China OP New Life Services Co., Ltd. (the "OP New Life") and its subsidiary Henan Yunwu Changxiang Network Technology Co., Ltd. (together, the "OP Group"), which is principally engaged in the provision of sub-leasing services, to an independent third party on March 15, 2019 (the "Disposal Date").

The financial information of OP Group for the years ended December 31, 2017, 2018 and the period from January 1, 2019 to Disposal Date are set out below.

	Year ended December 31,		
	2017	2018	From January 1, 2019 to March 15, 2019
	RMB'000	RMB'000	RMB'000
Revenue	39,562	65,726	16,222
Cost of sales (Note b)	(47,378)	(85,252)	(23,310)
Gross loss	(7,816)	(19,526)	(7,088)
Selling and marketing expenses (Note b)	(15,519)	(12,657)	(1,768)
Administrative expenses (Note b)	(11,459)	(10,051)	(683)
Net impairment losses on financial assets	(908)	(15,526)	—
Other income	744	—	—
Other gains/(loss)—net	100	87	(55)
Operating profit	(34,858)	(57,673)	(9,594)
Finance income	8	17	—
Finance cost	(7,752)	(12,081)	(3,903)
Finance cost—net	(7,744)	(12,064)	(3,903)
Loss before income tax	(42,602)	(69,737)	(13,497)
Income tax expenses	—	—	—
Loss after income tax	(42,602)	(69,737)	(13,497)
Disposal gain on divestment of subsidiaries (Note c)	—	—	8,443
Loss and total comprehensive loss from discontinued operation	(42,602)	(69,737)	(5,054)
Loss and total comprehensive loss for discontinued operations attributable to:			
—owners of the Company	(15,715)	(31,822)	1,821
—Non-controlling interest	(26,887)	(37,915)	(6,875)

(b) Expenses by nature

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Employee benefit expenses	11,482	21,102	6,498
Depreciation and amortization charges	43,401	69,616	18,990
Others	19,473	17,242	273
	74,356	107,960	25,761

(c) The Group disposed OP Group with nil consideration. The disposal gain of RMB8,443,000 was recognized for year ended December 31, 2019, and the financial information of the OP Group on disposal date was listed as follows:

	RMB'000
Consideration:	—
Carrying amounts of assets and liabilities of the OP Group	
Cash and cash equivalents	8,961
Property, plant and equipment	10,954
Intangible assets	7,294
Investment properties	201,503
Trade and other receivables and prepayments	68,899
Trade and other payables	(147,921)
Lease liabilities	(184,186)
Total carrying amount of net assets of the OP Group	(34,496)
Less: non-controlling interests	(26,053)
Gains on disposal of the OP Group	8,443
Cash received	
—Cash and cash equivalents disposed	(8,961)
—Cash receipt of loans receivable (Note (i))	29,998
Net cash inflow for the disposal of subsidiaries for the year ended December 31, 2019	21,037

Note:

(i) Prior to the disposal of OP Group, the loans granted by the Group to the OP Group, which have been eliminated in the consolidated balance sheet of the Group, amounted to RMB59,350,000. The loans should be settled by the OP Group after the disposal. As at December 31, 2019, the Group has received the repayments of RMB29,998,000, the remaining balance of RMB29,352,000 was recognized as other receivables (Note 20).

14 Earnings per share

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended December 31, 2017, 2018 and 2019. In determining the weighted average number of ordinary shares in issue, the 38,000,000 shares issued on October 16, 2018 were deemed to have been in issue since January 1, 2017.

	Year ended December 31,		
	2017	**2018**	**2019**
Profit/(loss) attributable to owners of the Company (RMB'000)			
—From continuing operations	39,126	51,293	232,132
—From discontinued operation	(15,715)	(31,822)	1,822
	23,411	19,471	233,954
Weighted average number of ordinary shares in issue (in thousands)	38,000	38,000	38,270
Basic earnings/(losses) per share attributable to the owners of the Company during the year (expressed in RMB per share)			
—From continuing operations	1.03	1.35	6.07
—From discontinued operation	(0.41)	(0.84)	0.05
	0.62	0.51	6.12

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the year ended December 31, 2019, the Company's dilutive potential ordinary shares only include share options granted to employees under Share Option Scheme. As the share options under the Share Option Scheme are issuable upon the satisfaction of specified performance condition, as of December 31, 2019, the condition was not met, and thus the contingent issuable shares were not included in the diluted earnings per share during the year reported. Accordingly, diluted earnings per share is equal to basic earnings per share.

15 Property, plant and equipment

	Equipment and furniture	Machinery	Vehicles	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2017					
Cost	7,434	1,047	1,542	849	10,872
Accumulated depreciation	(2,805)	(364)	(348)	(171)	(3,688)
Net book amount	4,629	683	1,194	678	7,184
Year ended December 31, 2017					
Opening net book amount	4,629	683	1,194	678	7,184
Additions	13,634	635	110	919	15,298
Disposals	(8)	—	—	—	(8)
Depreciation charge	(4,365)	(333)	(404)	(458)	(5,560)
Closing net book amount	13,890	985	900	1,139	16,914
As of December 31, 2017					
Cost	20,980	1,682	1,652	1,768	26,082
Accumulated depreciation	(7,090)	(697)	(752)	(629)	(9,168)
Net book amount	13,890	985	900	1,139	16,914
Year ended December 31, 2018					
Opening net book amount	13,890	985	900	1,139	16,914
Additions	12,299	469	237	3,580	16,585
Disposals	(5)	—	—	—	(5)
Depreciation charge	(9,859)	(561)	(367)	(1,606)	(12,393)
Closing net book amount	16,325	893	770	3,113	21,101
As of December 31, 2018					
Cost	33,136	2,145	1,881	5,348	42,510
Accumulated depreciation	(16,811)	(1,252)	(1,111)	(2,235)	(21,409)
Net book amount	16,325	893	770	3,113	21,101
Year ended December 31, 2019					
Opening net book amount	16,325	893	770	3,113	21,101
Additions	8,707	4,180	1,259	3,470	17,616
Business combination (Note 32)	831	552	807	—	2,190
Disposals	(25)	(47)	—	—	(72)
Disposals of subsidiaries (Note 13(c))	(10,954)	—	—	—	(10,954)
Depreciation charge	(7,238)	(611)	(819)	(3,131)	(11,799)
Closing net book amount	7,646	4,967	2,017	3,452	18,082
As of December 31, 2019					
Cost	22,646	6,804	3,947	8,818	42,215
Accumulated depreciation	(15,000)	(1,837)	(1,930)	(5,366)	(24,133)
Net book amount	7,646	4,967	2,017	3,452	18,082

Depreciation expenses were charged to the following categories in the consolidated statements of comprehensive income:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Cost of sales	2,153	3,477	5,545
Administrative expenses	1,756	3,066	4,827
Discontinued operation	1,651	5,850	1,427
	5,560	12,393	11,799

(a) No property, plant and equipment is restricted or pledged as security for borrowings as of December 31, 2017, 2018 and 2019.

16 Intangible assets

	Goodwill	Platform and Know-How	Order-Backlog and customer relationship	Software and others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2017					
Cost	—	—	—	11,408	11,408
Accumulated amortization	—	—	—	(1,067)	(1,067)
Net book amount	—	—	—	10,341	10,341
Year ended December 31, 2017					
Opening net book amount	—	—	—	10,341	10,341
Additions	—	—	—	861	861
Amortization	—	—	—	(1,975)	(1,975)
Closing net book amount	—	—	—	9,227	9,227
As of December 31, 2017					
Cost	—	—	—	12,269	12,269
Accumulated amortization	—	—	—	(3,042)	(3,042)
Net book amount	—	—	—	9,227	9,227
Year ended December 31, 2018					
Opening net book amount	—	—	—	9,227	9,227
Additions	—	—	—	515	515
Amortization	—	—	—	(1,409)	(1,409)
Closing net book amount	—	—	—	8,333	8,333
As of December 31, 2018					
Cost	—	—	—	12,784	12,784
Accumulated amortization	—	—	—	(4,451)	(4,451)
Net book amount	—	—	—	8,333	8,333
Year ended December 31, 2019					
Opening net book amount	—	—	—	8,333	8,333
Additions	—	—	—	568	568
Business combination (note 32)	42,319	19,549	13,394	—	75,262
Disposals of subsidiaries (note 13(c))	—	—	—	(7,294)	(7,294)
Amortization	—	(1,623)	(1,499)	(797)	(3,919)
Closing net book amount	42,319	17,926	11,895	810	72,950
As of December 31, 2019					
Cost	42,319	19,549	13,394	3,839	79,101
Accumulated amortization	—	(1,623)	(1,499)	(3,029)	(6,151)
Net book amount	42,319	17,926	11,895	810	72,950

Amortization of intangible assets has been charged to the consolidated statements of comprehensive income as below:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Administrative expenses	1,024	458	2,210
Cost of sales	—	—	1,470
Discontinued operation	951	951	239
	1,975	1,409	3,919

(a) No intangible asset is restricted or pledged as security for borrowings as of December 31, 2017, 2018 and 2019.

(b) Goodwill arose from acquisition of subsidiaries (Note 32):

	As at December 31, 2019
	RMB'000
Acquisition A	25,640
Acquisition B	3,314
Acquisition C	1,868
Acquisition D	3,629
Acquisition E	7,868
	42,319

Impairment test for goodwill

Goodwill arises from the Group's acquisition of subsidiaries (Note 32) and was determined at the acquisition date respectively, being the difference between the purchase consideration and the fair value of net identifiable assets of acquirees. Goodwill has been assessed based on the related acquiree's CGU for impairment testing.

The recoverable amount of the CGUs are determined based on value-in-use calculations. These calculation use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Management determined a projection period of five years based on expected development trend of the acquiree and industry experiences. Cash flows beyond the five-year period are extrapolated using the estimated terminal growth rates stated below. The growth rate does not exceed the long-term average growth rate for the related industry in which the CGUs operates. The discount rate used is pre-tax and reflects specific risks relating to the relevant industry.

The key assumptions used for value-in-use calculations as at December 31, 2019 are as follows:

	Acquisition A	Acquisition B	Acquisition C	Acquisition D	Acquisition E
Expected growth rate of revenue	6.2%-30%	2.5%-31.3%	1.3%-8.8%	5.0%-20.0%	8.0%-10.0%
Terminal growth rate after 5 years	3.0%	3.0%	3.0%	3.0%	3.0%
Pre-tax discount rate	23.70%	20.82%	21.8%	21.68%	21.91%

According to the result of the impairment testing, the estimated recoverable amounts of CGUs exceed their carrying amount (i.e. the headroom (note (a))) as below:

	As at December 31, 2019
	RMB'000
Acquisition A CGU	43,118
Acquisition B CGU	55,133
Acquisition C CGU	3,841
Acquisition D CGU	5,198
Acquisition E CGU	5,608

Note (a) The headroom of each CGU is calculated based on its recoverable amount deducting its carrying amount and goodwill allocated.

Our Directors performed sensitivity analysis based on the assumptions that expected growth rate of revenue or pre-tax discount rate would be changed by taking into accounts the volatility of the business and industry in which the acquirees are engaged. Had the following estimated key assumption for the forecast period been changed as below, the headroom would decrease to the amounts:

	As at December 31, 2019
	RMB'000
Acquisition A CGU	
—Expected growth rate of revenue decrease by 15%	16,776
—Pre-tax discount rate increase by 1%	37,078
Acquisition B CGU	
—Expected growth rate of revenue decrease by 15%	28,667
—Pre-tax discount rate increase by 1%	48,005
Acquisition C CGU	
—Expected growth rate of revenue decrease by 1%	3,315
—Pre-tax discount rate increase by 1%	3,352
Acquisition D CGU	
—Expected growth rate of revenue decrease by 1%	4,917
—Pre-tax discount rate increase by 1%	3,884
Acquisition E CGU	
—Expected growth rate of revenue decrease by 1%	4,119
—Pre-tax discount rate increase by 1%	3,607

Based on the above assessment and the historical result, our Directors have not identified any reasonably possible change in the key assumptions on which the recoverable amount is based that would cause the carrying amounts of the CGUs to exceed their respective recoverable amounts as of December 31, 2019.

17 Investment properties

	Leased properties	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000
As at January 1, 2017			
Cost	115,901	11,401	127,302
Accumulated depreciation	(3,573)	(205)	(3,778)
Net book amount	112,328	11,196	123,524
Year ended December 31, 2017			
Opening net book amount	112,328	11,196	123,524
Additions	133,029	24,754	157,783
Depreciation charge	(33,339)	(7,041)	(40,380)
Closing net book amount	212,018	28,909	240,927
As at December 31, 2017			
Cost	248,930	36,155	285,085
Accumulated depreciation	(36,912)	(7,246)	(44,158)
Net book amount	212,018	28,909	240,927
Year ended December 31, 2018			
Opening net book amount	212,018	28,909	240,927
Additions	24,579	11,939	36,518
Depreciation charge	(49,736)	(13,265)	(63,001)
Closing net book amount	186,861	27,583	214,444
As at December 31, 2018			
Cost	273,509	48,094	321,603
Accumulated depreciation	(86,648)	(20,511)	(107,159)
Net book amount	186,861	27,583	214,444
Year ended December 31, 2019			
Opening net book amount	186,861	27,583	214,444
Additions	2,994	1,389	4,383
Disposals of subsidiaries (note 13(c))	(176,921)	(24,582)	(201,503)
Depreciation charge	(12,934)	(4,390)	(17,324)
Closing net book amount	—	—	—
As at December 31, 2019			
Cost	—	—	—
Accumulated depreciation	—	—	—
Net book amount	—	—	—

(a) As at December 31, 2017 and 2018, the Group holds no investment properties pledged as security for the Group's borrowings.

As at December 31, 2017 and 2018, the fair value of investment properties was approximately the same as their net book amount since the accumulated depreciation reflected the value decline for the investment properties.

18 Financial instruments by category

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Financial assets at amortized cost			
Trade and other receivables (excluding prepayments) (Note 20)	889,879	865,147	748,105
Cash and cash equivalents (Note 21)	121,814	134,260	577,601
Restricted cash (Note 22)	404	408	312
Financial assets at fair value through profit or loss	**45,207**	**35,101**	**1,530**
	1,057,304	1,034,916	1,327,548

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Financial liabilities at amortized cost			
Borrowings (Note 28)	609,930	436,426	—
Trade and other payables (excluding accrued payroll and other taxes payables) (Note 27)	203,868	261,507	474,859
Lease liabilities	219,006	203,155	3,142
	1,032,804	**901,088**	**478,001**

19 Financial assets at fair value through profit or loss

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Assets:			
Financial assets at fair value through profit or loss			
Short-term investments			
—Wealth management products	5,174	4,402	1,530
—Fund products	40,033	30,699	—
	45,207	**35,101**	**1,530**

Fair value estimation

The Group's financial instruments recognized in the consolidated balance sheets are mainly trade and other receivables, financial assets at fair value through profit or loss, and financial liabilities carried at amortized cost. The carrying value less impairment provision of trade and other receivables and payables are a reasonable approximation of their fair values.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses estimated discounted cash flows to make assumptions.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group's financial assets at fair values through profit or loss included wealth management products and fund products, fair value of which are estimated based on unobservable inputs (level 3).

(a) The following table presents the changes in level 3 instruments for the year ended December 31, 2017.

	Financial assets at fair value through profit or loss		
	Wealth management products	**Fund products**	**Total**
	RMB'000	**RMB'000**	**RMB'000**
Opening balances	17,042	50,246	67,288
Additions			
—From continuing operations	500,839	86,000	586,839
—From discontinued operation	33,200	—	33,200
Gains for the year recognized in profit or loss			
—From continuing operations	1,368	6,674	8,042
—From discontinued operation	101	—	101
Disposals			
—From continuing operations	(511,762)	(102,887)	(614,649)
—From discontinued operation	(35,614)	—	(35,614)
Closing balance	5,174	40,033	45,207
Includes unrealized gains recognized in profit or loss attributable to balances held at the end of the reporting period			
—From continuing operations	5	32	37
—From discontinued operation	—	—	—

(b) The following table presents the changes in level 3 instruments for the year ended December 31, 2018.

	Financial assets at fair value through profit or loss		
	Wealth management products	**Fund products**	**Total**
	RMB'000	**RMB'000**	**RMB'000**
Opening balances	5,175	40,032	45,207
Additions			
—From continuing operations	13,554	65,000	78,554
—From discontinued operation	35,570	—	35,570
Gains for the year recognized in profit or loss			
—From continuing operations	129	4,606	4,735
—From discontinued operation	80	—	80
Disposals			—
—From continuing operations	(16,156)	(78,939)	(95,095)
—From discontinued operation	(33,950)	—	(33,950)
Closing balance	4,402	30,699	35,101
Includes unrealized gains/(losses) recognized in profit or loss attributable to balances held at the end of the reporting period			
—From continuing operations	1	2,700	2,701
—From discontinued operation	—	—	—

(c) The following table presents the changes in level 3 instruments for the year ended December 31, 2019.

	Financial assets at fair value through profit or loss		
	Wealth management products	Fund products	Total
	RMB'000	RMB'000	RMB'000
Opening balances	4,402	30,699	35,101
Additions			
—From continuing operations	278,430	—	278,430
—From discontinued operation	—	—	—
Gains for the period recognized in profit or loss			
—From continuing operations	407	—	407
—From discontinued operation	8	—	8
Disposals			
—From continuing operations	(278,309)	(30,699)	(309,008)
—From discontinued operation	(3,408)	—	(3,408)
Closing balance	1,530	—	1,530
Includes unrealized gains recognized in profit or loss attributable to balances held at the end of the reporting period			
—From continuing operations	—	—	—

Quantitative information about fair value measurements using significant unobservable inputs (Level 3) is as follow:

Unobservable input	Valuation technique(s)	Financial assets at fair value through profit or loss	Range of unobservable inputs		
			As at December 31,		
			2017	2018	2019
Expected interest rate per annum	Discounted cash flow	—Wealth management products	2%-4%	2%-4%	2%-4%
		—Fund products	8%-9%	8%-9%	8%-9%

Relationship of unobservable inputs to fair value: the higher of expected rate of return, the higher the fair value.

The Group manages the valuation of level 3 instruments for financial reporting purpose on a case by case basis. At least once every reporting year, the Group would assess the fair value of the Group's level 3 instruments by using valuation techniques.

If the fair values of the financial assets at fair value through profit or loss held by the Group had been 5% higher/lower, the profit before income tax for the years ended December 31, 2017, 2018 and 2019 would have been approximately RMB2,260,000 higher/lower, RMB1,755,000 higher/lower, and RMB77,000 higher/lower, respectively.

There were no changes in level 3 instruments for the year ended December 31, 2017, 2018 and 2019.

20 Trade and other receivables and prepayments

The Group

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Trade receivables (Note(a))			
—Non-property developers	101,774	115,315	109,307
—Property developers	54,756	132,405	568,868
	156,530	247,720	678,175
Note receivables	600	500	—
Less: allowance for impairment of trade receivables	(12,649)	(13,806)	(13,328)
	144,481	234,414	664,847
Other receivables			
—Loans to entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang	646,949	564,000	—
—Interests receivable from entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang	79,024	38,071	—
—Amounts due from non-controlling shareholders of a former subsidiary	15,124	15,285	—
—Amounts due from entities controlled by Mr. Wu (Note 33)	218	22,346	40,807
—Receivables from the disposal group (Note 13(c)(i))	—	—	29,352
—Others	5,851	8,709	15,343
	747,166	648,411	85,502
Less: allowance for impairment of other receivables	(1,768)	(17,678)	(1,145)
	745,398	630,733	84,357
Prepayments for listing expenses	—	730	10,767
Other prepayments	5,657	32,139	9,608
Total	895,536	898,016	769,579
Less: non-current portion of other receivables and prepayments	(649)	(27,237)	(2,292)
Current portion of trade and other receivables and prepayments	894,887	870,779	767,287
The Company			
Prepayments for listing expenses	—	730	10,767

(a) Trade receivables mainly arise from property management services income related value added services.

Property management services income are received in accordance with the terms of the relevant services agreements. Service income from property management service is due for payment by the residents upon the issuance of demand note.

The related value-added services to property developers are usually due for payment upon the issuance of document of settlement.

As of December 31, 2017, 2018 and 2019, the aging analysis of the trade receivables based on recognition date of trade receivables were as follows:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
0-180 days	69,071	126,978	473,562
181-365 days	30,910	51,373	162,567
1 to 2 years	38,024	34,811	17,687
2 to 3 years	10,034	26,918	14,126
3 to 4 years	4,373	5,082	6,545
Over 4 years	4,118	2,558	3,688
	156,530	247,720	678,175

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As of December 31, 2017, 2018 and 2019, a provision of RMB12,649,000, RMB13,806,000 and RMB13,328,000 was made against the gross amounts of trade receivables (Note 3.1.2).

21 Cash and cash equivalents

The Group

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Denominated in RMB			
Cash at bank	121,684	134,259	577,533
Cash on hand	130	1	68
	121,814	134,260	577,601
Denominated in HKD			
Cash at bank	—	—	7,194
	121,814	134,260	584,795

The Company

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Denominated in HKD			
Cash at bank	—	—	6,941

Cash and cash equivalents held in China are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from China, other than through normal dividends.

22 Restricted cash

Restricted cash represents a subsidiary's cash deposits in the bank as performance security for tourism services according to the requirements of local government authority.

23 Share capital

The Group and the Company

	Number of ordinary shares	Share capital	Equivalent share capital
		HK$'000	RMB'000
Authorized			
As at October 16, 2018 (date of incorporation of the Company) and December 31, 2018	38,000,000	380	335
Increase of authorized shares	339,000	3	3
As at December 31, 2019	38,339,000	383	338
Issued			
At October 16, 2018 (date of incorporation) and December 31, 2018	38,000,000	—	—
Issue of new ordinary shares to new investor	339,000	3	3
Balance at December 31, 2019	38,339,000	3	3

The Company was incorporated on October 16, 2018 with an authorized share capital of HK$380,000 divided into 38,000,000 ordinary shares with a par value of HK$0.01 each. On the same date, 38,000,000 ordinary shares of HK$0.01 each were issued, totaling HK$380,000 (equivalent to approximately RMB335,000), to Enjoy Start Limited, which had not been paid yet.

On March 15, 2019, the Company issued 339,000 shares with a cash consideration of HK$11,000,000 (equivalent to approximately RMB9,435,000) to OP Financial Limited and the authorized number of ordinary shares of the Company was increased to 38,339,000 with a par value of HK$0.01 each.

On April 29, 2020, the authorized share capital of the Company increased to 5,000,000,000 shares with par value of HK$0.01 each.

Pursuant to the shareholder's written resolutions on April 29, 2020, conditional upon the share premium account of the Company being credited as a result of the Global Offering, the Directors were authorized to allot and issue on the Listing Date a total of 861,661,000 Shares credited as fully-paid at par to the Shareholders whose names appear on the register of members of the Company at close of business on May 14, 2020 in proportion to their respective shareholdings by way of capitalization of the sum of HK$8,616,610 standing to the credit of the share premium account of the Company, and the Shares to be allotted and issued pursuant to the Capitalization Issue shall rank *pari passu* in all respects with the existing issued Shares.

24 Other reserves

The Group

	Capital reserves	Share premium	Employee share-based compensation reserves	Statutory reserves	Total other reserves
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2017 and December 31, 2017	95,000	—	—	—	95,000
Balance at January 1, 2018	95,000	—	—	—	95,000
Capital contribution from the shareholders of the Company (Note (a))	100,000	—	—	—	100,000
Deemed distributions to the then owners of a group company (Note (a))	(100,000)	—	—	—	(100,000)
Transaction with non-controlling interests (Note (b))	(12,160)	—	—	—	(12,160)
Balance at December 31, 2018	82,840	—	—		82,840
Balance at January 1, 2019	82,840	—	—	—	82,840
Issue of new ordinary shares to new investor (Note 23)	—	9,432	—	—	9,432
Share option scheme-value of employee services (Note 25)	—	—	9,382	—	9,382
Appropriation of statutory reserves (Note (c))	—	—	—	21,643	21,643
Balance at December 31, 2019	82,840	9,432	9,382	21,643	123,297

The Company

	Capital reserves	Share premium	Employee share-based compensation reserves	Total other reserves
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at October 16, 2018 (date of incorporation)	—	—	—	—
Capital contribution from the shareholders of the Company (Note (b))	100,000	—	—	100,000
Balance at December 31, 2018	100,000	—	—	100,000
Balance at January 1, 2019	100,000	—	—	100,000
Issue of new ordinary shares to new investor (Note 23)	—	9,432	—	9,432
Share option scheme-value of employee services (Note 25)	—	—	9,382	9,382
Balance at December 31, 2019	100,000	9,432	9,382	118,814

(a) Capital contributions from the shareholders of the Company

During the year ended December 31, 2018, the shareholders of the Company contributed cash of RMB100,000,000 in aggregate to the Company to finance its acquisition of Henan Central China New Life Service Co., Ltd. and cash consideration of RMB100,000,000 paid to the then owners of Henan Central China New Life Service Co., Ltd. for the acquisition of Henan Central China New Life Service Co., Ltd. was treated as deemed distributions (Note 1.2(d)).

(b) Transaction with non-controlling interests

On April 2, 2018, Henan Central China OP New Life Services Co., Ltd. injected RMB10,000,000 to its subsidiary, Henan Yunwu Changxiang Network Technology Co., Ltd., while the non-controlling shareholders did not make proportioned injection.

After the completion of the capital injection, the Group's equity interest in Henan Yunwu Changxiang Network Technology Co., Ltd. increased from 55% to 77.5%. As Henan Yunwu Changxiang Network Technology Co., Ltd. recorded a deficit in equity as at the date of capital injection, the Group recognized a decrease in capital reserve of RMB12,160,000 and an increase in non-controlling interest of RMB12,160,000.

(c) Appropriation of statutory reserves

In accordance with relevant rules and regulations in the PRC, the PRC Group entities are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses carried forward from previous years or to increase capital of the respective Group entities.

25 Share-based payments

The Company approved and adopted the option scheme on January 3, 2019. Share options under the Pre-IPO Share Option Scheme (the "Option") are granted to eligible participants (the "Eligibles") including directors and certain key employees. Options are conditional on the Eligibles have served the Group for certain period (the vesting period). Share Options are granted for no consideration and carry no dividend or voting right. When exercised, each Option is convertible into one ordinary share. The Group has no legal or constructive obligation to repurchase or settle the Option in cash.

Share options granted to employees under the Option

On January 3, 2019 and January 10, 2019, approximately 31,680,000 and 13,320,000 Options were granted to eligibles with an exercise price of RMB0.55 and RMB0.55 per share respectively. None of the outstanding Options as of December 31, 2019 was exercisable or expired. Particular of Options are as follows:

For vesting schedule of the Share Options granted to directors and certain key employees, the share option will be vested within 24 months immediately following the Listing Date.

Movement in the number of share options granted to employees and their related weighted average exercise prices are as follows:

	Exercise price	**Year ended December 31, 2019**
At the beginning of the year		—
Granted	RMB0.55	45,000,000
At the end of the year		45,000,000

Fair value of share options granted under the Option

The directors have used the discounted cash flow method to determine the underlying equity fair value of the Company and adopted equity allocation model to determine the fair value of the underlying ordinary share. Key assumptions, such as discount rate and projections of future performance, are required to be determined by the directors with best estimate.

Based on fair value of the underlying ordinary share, the directors have used Binomial option-pricing model to determine the fair value of the share option as at the grant date. Key assumptions are set out as below:

Discount rate	16.5%-20.5%
Risk-free interest rate	2.29%-2.39%
Volatility	48.96%-49.2%

The directors estimated the risk-free interest rate based on the yield of HK Government Bonds with a maturity life close to the option life of the share option. Volatility was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the share option. Dividend yield is based on management estimation at the grant date. The total expense recognized in the consolidated statements of the comprehensive income for share options granted to employees is RMB9,382,000 for the year ended December 31, 2019.

26 Leases

(a) Amounts recognized in the consolidated balance sheets

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Leased in properties for sub-lease to tenants			
—Leased properties (Note 17)	212,018	186,861	—
Right-of-use assets			
—Leased properties and equipment (Note 15)	1,139	3,113	3,452
	213,157	189,974	3,452
Lease liabilities			
Current	56,409	66,383	1,886
Non-current	162,597	136,772	1,256
	219,006	203,155	3,142

(b) Amounts recognized in the consolidated statements of comprehensive income

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Depreciation charge			
—Leased properties (Note 17)	33,339	49,736	12,934
—Leased properties and equipment (Note 15)	458	1,606	3,131
	33,797	51,342	16,065
Interest expense (included in finance costs—net)			
—Continuing operations (Note 8)	44	113	227
—Discontinued operations	7,752	11,462	3,903
	7,796	11,575	4,130
Cash outflows for lease payments			
—Continuing operations	490	1,694	4,874
—Discontinued operations	37,207	53,890	23,813
	37,697	55,584	28,687

(c) A maturity analysis of lease liabilities is shown in the table below during the Track Record Period

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
The present value of lease liabilities is as follows:			
Within one year	58,324	73,521	1,943
Later than one year but no later than two years	53,320	57,635	563
Later than two years but not later than five years	112,219	87,116	845
Later than five years	21,443	8,553	—
	245,306	226,825	3,351
Future finance charge	(26,300)	(23,670)	(209)
	219,006	203,155	3,142

27 Trade and other payables

The Group

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Trade payables (Note(a))			
—Related parties (Note 33)	—	227	11,953
—Third parties	32,560	53,231	165,466
	32,560	53,458	177,419
Other payables			
—Amounts due to entities controlled by Mr. Wu (Note(b))	4,750	10,387	22,938
—Deposits	60,408	71,938	111,118
—Maintenance funds	46,243	71,999	99,831
—Payables for acquisitions of subsidiaries	—	—	5,256
—Listing expenses	—	2,059	7,367
—Payables due to the then shareholders of newly-acquired subsidiaries	—	—	20,602
—Others	38,045	36,494	30,328
	149,446	192,877	297,440
Accrued payroll	40,469	72,318	151,793
Other taxes payables	12,281	19,366	27,613
Interests payable	21,862	15,172	—
	256,618	353,191	654,265

As of December 31, 2017, 2018 and 2019, the carrying amounts of trade and other payables approximated its fair values.

(a) As of December 31, 2017, 2018 and 2019, the aging analysis of the trade payables based on invoice date were as follows:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
0-180 days	26,082	45,968	170,413
181-365 days	392	4,607	5,011
1 to 2 years	1,755	723	462
2 to 3 years	1,917	1,139	537
Over 3 years	2,414	1,021	996
	32,560	53,458	177,419

(b) The amounts due to entities controlled by Mr. Wu were unsecured, interest-free and repayable on demand.

28 Borrowings

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Asset backed securities—secured			
—Non-current portion	604,500	430,000	—
—Current portion	5,430	6,426	—
	609,930	436,426	—

As of December 31, 2017, 2018 and 2019, the Group's borrowings were repayable as follows:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Within 1 year	5,430	6,426	—
1 to 2 years	174,500	185,000	—
2 to 5 years	430,000	245,000	—
	609,930	436,426	—

In April 2016, Henan Central China Property Management Co., Ltd., a PRC subsidiary of the Group, has issued asset-backed securities ("ABS") with an aggregate nominal value of RMB900 million amongst which RMB40 million was subordinated securities subscribed by the then parent company of Henan Central China Property Management Co., Ltd. The ABS is repayable, by installments, in one to five years, carried interest ranging from 5.0% to 5.9% per annum, was secured by pledge of the Group's right of receipt of management fee of certain properties managed by the Group in future five years and guaranteed by the parent company of Henan Central China Property Management Co., Ltd.

During the years ended December 31, 2017, 2018 and 2019, Henan Central China Property Management Co., Ltd. has repaid, by installments, the ABS of RMB128.5 million, RMB167 million and RMB604.5 million, respectively.

On March 28, 2019 (the "Redemption Date"), the Company redeemed the remaining ABS in full at a redemption price equaling to 100% of the principal amount of the ABS and the accrued and unpaid interests as at the Redemption Date.

The fair value of borrowings approximated their carrying amount, as the impact of discounting is not significant.

29 Deferred income tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Deferred tax assets:			
—Deferred tax assets to be recovered after more than 12 months	3,188	3,573	2,957
—Deferred tax assets to be recovered within 12 months	3,660	6,169	4,005
	6,848	9,742	6,962
Deferred tax liabilities:			
—Deferred tax liabilities to be recovered after more than 12 months	—	—	(2,944)
—Deferred tax liabilities to be recovered within 12 months	—	—	(773)
	—	—	(3,717)
	6,848	9,742	3,245

The movement in deferred income tax assets and liabilities during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Deferred tax assets—allowance on doubtful debts	Deferred tax assets—tax losses	Deferred tax liabilities—excess of carrying amount of other intangible assets over the tax bases	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2017	3,045	2,043	—	5,088
Credited to the consolidated statements of comprehensive income	146	1,614	—	1,760
At December 31, 2017	3,191	3,657	—	6,848
As of January 1, 2018	3,191	3,657	—	6,848
Credited/(charged) to the consolidated statements of comprehensive income	385	2,509	—	2,894
At December 31, 2018	3,576	6,166	—	9,742
As of January 1, 2019	3,576	6,166	—	9,742
Credited/(charged) to the consolidated statements of comprehensive income	45	(6,427)	766	(5,616)
Acquisition of subsidiaries (Note 32)	—	3,602	(4,483)	(881)
At December 31, 2019	3,621	3,341	(3,717)	3,245

As of December 31, 2017, 2018 and 2019, the Group has not recognized deferred tax assets in respect of cumulative tax losses and temporary differences totaling of RMB12,129,000, RMB30,862,000 and RMB21,593,000 for the group as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction. The tax losses shall expire in five years from year of occurrence under current tax legislation.

30 Dividends

No dividends have been paid or declared by the Company during each of the years ended December 31, 2017, 2018 and 2019.

31 Cash generated from operations

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Profit before income tax			
—Continuing operations	52,901	71,867	307,541
Adjustments for continuing operations:			
—Depreciation of property, plant and equipment	3,909	6,543	10,372
—Amortization of other intangible assets (Note 16)	1,024	458	3,680
—Allowance for impairment of trade and other receivables	574	1,540	182
—(Gains)/losses from disposal of property, plant and equipment (Note 7)	(13)	5	65
—Net exchange gain (Note 7)	—	—	(191)
—Net fair value gains on financial assets at fair value through profit or loss (Note 7)	(8,042)	(4,735)	(407)
—Share of loss/(profit) of an associate (Note 11)	(1,310)	506	29
—Finance cost (Note 8)	49,312	43,020	17,219
—Interest income from loans to entities controlled by Mr. Hua and third parties (Note 6)	(56,267)	(48,880)	(15,933)
—Share option scheme—value of employee services	—	—	9,382
—Remeasurement gains on investment in an associate (Note 32)	—	—	(3,563)
	42,088	70,324	328,376
Changes in working capital from continuing operations:			
—Trade and other receivables and prepayments	(36,534)	(133,827)	(450,042)
—Contract liabilities	12,084	70,222	161,264
—Inventories	—	—	(4,210)
—Contract assets	—	—	(2,899)
—Trade and other payables	48,816	101,099	283,552
—Restricted Cash	(204)	(4)	96
	66,250	107,814	316,137

(a) The reconciliation of liabilities arising from financial activities is as follow:

	Borrowings and interests payables	Lease liabilities	Other payables —Amounts due to entities controlled by Mr. Wu
	RMB'000	RMB'000	RMB'000
As of January 1, 2017	824,141	114,959	28,175
Cash flows			
Financing cash inflow			
—Continuing operations	—	—	9,159
Financing cash outflow			
—Continuing operations	(241,661)	(490)	(32,584)
—Discontinued operations	—	(37,207)	—
Non-cash changes			
Acquisition—leases			
—Continuing operations	—	919	—
—Discontinued operations	—	133,029	—
Finance expense recognized			
—Continuing operations	49,312	44	—
—Discontinued operations	—	7,752	—
As of December 31, 2017	631,792	219,006	4,750
As of January 1, 2018	631,792	219,006	4,750
Cash flows			
Financing cash inflow			
—Continuing operations	—	—	17,985
—Discontinued operations	17,155	—	—
Financing cash outflow			
—Continuing operations	(223,214)	(1,694)	(12,348)
—Discontinued operations	(17,155)	(53,890)	—
Non-cash changes			
Acquisition—leases			
—Continuing operations	—	3,579	—
—Discontinued operations	—	24,579	—
Finance expense recognized			
—Continuing operations	43,020	113	—
—Discontinued operations	—	11,462	—
As of December 31, 2018	451,598	203,155	10,387

	Borrowings and interests payables	Lease liabilities	Other payables —Amounts due to entities controlled by Mr. Wu
	RMB'000	RMB'000	RMB'000
As of January 1, 2019	451,598	203,155	10,387
Cash flows			
Financing cash inflow			
—Continuing operations	—	—	21,444
Financing cash outflow			
—Continuing operations	(468,590)	(4,874)	(8,866)
—Discontinued operations	—	(23,813)	—
Non-cash changes			
Acquisition—leases			
—Continuing operations	—	3,470	—
—Discontinued operations	—	2,994	—
Disposals of subsidiaries			
—Discontinued operations	—	(184,186)	—
Finance expense recognized			
—Continuing operations	16,992	227	—
—Discontinued operations	—	6,169	—
As of December 31, 2019	—	3,142	22,965

32 Business combination

(a) Summary of acquisition

(i) Acquisition of One Family Network Technology Co., Ltd. ("Acquisition A")

On January 4, 2019, the Group acquired additional 70% equity interest in an associate, One Family Network Technology Co., Ltd. (the "One Family Network"), at cash consideration of RMB14,000,000. The associate is mainly engaged in providing e-commerce service through self-operated platform. As a result, the Group's interest in the entity increased to 100% and the associate became a wholly owned subsidiary of the Group.

The Group's existing 30% equity interest in the One Family Network was remeasured to RMB6,000,000 and the fair value gains of RMB3,563,000 has been recognized in "other gains—net" in the consolidated statements of comprehensive income.

On the same date, the Group also acquired 80% of Song Yun (Beijing) Information Service Co., Ltd (the "Song Yun Beijing Information") at cash consideration of RMB8,000,000, which is a related party of One Family Network and providing the technology development and support for the e-commerce platform.

Accordingly, the Group completed the acquisition of the e-commerce business with total cash consideration of RMB22,000,000 and entitled the benefit from the synergies of the combination of the above two acquisition.

(ii) Acquisition of Aiou Electronic ("Acquisition B")

On January 4, 2019, the Group acquired 93.33% equity interest in Henan Aiou Electronic Technology Co., Ltd. ("Aiou Electronic") from an independent third party at cash consideration of RMB2,800,000. Aiou Electronic is mainly engaged in sales of smart home product and providing related design and installation service. The acquisition has increased the Group's market share in this industry and complements the Group's existing property management services and related value-added services segment.

(iii) Acquisition of Xinyang Nanhong Property Services Co., Ltd. ("Acquisition C")

On January 4, 2019, the Group acquired 100% equity interest in Xinyang Nanhong Property Service Co., Ltd. ("Xinyang Nanhong") from independent third parties at cash consideration of RMB2,000,000. Xinyang Nanhong is engaged in property management service. The acquisition has increased the Group's market share in this industry and complements the Group's existing property management services and related value-added services segment.

(iv) Acquisition of Linzhou Liuhe Property Service Co., Ltd. ("Acquisition D")

On April 25, 2019, the Group acquired 51% equity interest in Linzhou Liuhe Property Service Co., Ltd. ("Linzhou Liuhe") from independent third parties at cash consideration of RMB6,600,000. Linzhou Liuhe is engaged in property management service. The acquisition has increased the Group's market share in this industry and complements the Group's existing property management services and related value-added services segment.

(v) Acquisition of Zhengzhou Jiaxiang Property Service Co., Ltd. ("Acquisition E")

On May 16, 2019, the Group acquired 51% equity interest in Zhengzhou Jiaxiang Property Service Co., Ltd. ("Zhengzhou Jiaxiang") from independent third parties at cash consideration of RMB11,820,000. Zhengzhou Jiaxiang is engaged in property management service. The acquisition has increased the Group's market share in this industry and complements the Group's existing property management services and related value-added services segment.

Details of the purchase considerations, the net assets acquired and goodwill are as follows:

	Acquisition A	Acquisition B	Acquisition C	Acquisition D	Acquisition E	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Consideration						
—Cash paid	22,000	2,800	2,000	4,620	8,544	39,964
—Payable	—	—	—	1,980	3,276	5,256
—Fair value of interests in the associate	6,000	—	—	—	—	6,000
	28,000	2,800	2,000	6,600	11,820	51,220

The assets and liabilities recognized as a result of the acquisition on the acquisition dates are as follows:

	Acquisition A	Acquisition B	Acquisition C	Acquisition D	Acquisition E	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Property and equipment	60	52	64	377	1,637	2,190
Intangible assets						
—Platform	14,339	—	—	—	—	14,339
—Know-How	3,720	1,490	—	—	—	5,210
—Order backlog	—	2,160	—	—	—	2,160
—Customer relationship	—	—	898	4,004	6,332	11,234
Contract assets	—	185	—	—	—	185
Trade and other receivables and prepayments	9,851	2,153	1,050	2,772	5,575	21,401
Inventories	—	901	—	68	—	969
Deferred income tax assets	3,602	—	—	—	—	3,602
Cash and cash equivalents	322	367	1,158	281	104	2,232
Trade and other payables	(25,820)	(7,436)	(2,813)	(259)	(2,131)	(38,459)
Contract liabilities	(4,846)	—	—	(417)	(2,185)	(7,448)
Deferred tax liabilities	(1,251)	(423)	(225)	(1,001)	(1,583)	(4,483)
Net identifiable assets/ (liabilities) acquired	(23)	(551)	132	5,825	7,749	13,132
Less: Equity interest held by non-controlling interests	2,383	37	—	(2,854)	(3,797)	(4,231)
Add: Goodwill	25,640	3,314	1,868	3,629	7,868	42,319
Net assets acquired	28,000	2,800	2,000	6,600	11,820	51,220

Net cash outflow arising on acquisition during the year ended December 31, 2019:

Cash paid	RMB'000
Cash consideration paid	39,964
Less: cash considerations paid in prior year	(24,800)
Cash considerations paid in the period	15,164
Less: Cash and cash equivalents acquired	(2,232)
Cash outflow in the period	12,932

The goodwill is attributable to the workforce and the high profitability of the acquired business. It will not be deductible for tax purposes.

(i) Acquired receivables

The fair value of acquired trade and other receivables and prepayments was RMB21,401,000, which was equal to its gross contractual amount receivables. At the acquisition date, none of such balance was expected to be uncollectible.

(ii) Accounting policy choice for non-controlling interests

The Group recognizes non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Acquisition A, B, D and E, the Group elected to recognize the non-controlling interests in at its proportionate share of the acquired net identifiable assets. See note 2.3 for the Group's accounting policies for business combinations.

(iii) Revenue and profit contribution

The acquired business of the entities from Acquisition A contributed revenues of RMB157,006,000 and net profit of RMB44,671,000 to the Group for the period from the acquisition date to December 31, 2019.

The revenue and the results contributed by the other acquired entities for the period since respective acquisition dates were insignificant to the Group. The Group's revenue and results for the period would not be materially different if these acquisitions had occurred on January 1, 2019.

33 Related party transactions

(a) Name and relationship with related parties

Name	Relationship with the Group
Mr. Wu*	Controlling shareholder of the Company (From December 19, 2017 to date)
Mr. Hua Ziyi and Mr Hua Zhichang*	Former controlling shareholder of Henan Central China New Life Service Co., Ltd. (From January 1, 2017 to December 19, 2017)
Henan Hongdao investment Co., Ltd. 河南省弘道投資有限公司	A company controlled by Mr. Hua Ziyi and Mr. Hua Zhichang
Jianye Holding Co., Ltd. 建業控股有限公司	A company controlled by Mr. Hua Ziyi and Mr. Hua Zhichang
Henan Central China football club Co., Ltd. 河南建業足球俱樂部股份有限公司	A company controlled by Mr. Hua Ziyi and Mr. Hua Zhichang
CCRE Group	A group controlled by Mr. Wu
Zhengzhou Jianze Real Estate Ltd 鄭州建澤置業有限公司	A joint venture of CCRE Group
Henan Jianye Live-action Performance Culture Development Co., Ltd. 河南建業實景演出文化發展有限公司	A joint venture of CCRE Group
Gongyi Newtown Real Estate Co., Ltd. 鞏義新城置業有限公司	A joint venture of CCRE Group (Became a subsidiary of CCRE Group since October 25, 2019)
Xinmi Di'an Real Estate Co., Ltd. 新密市帝安置業有限公司	A joint venture of CCRE Group
Luoyang Uni-construction Yutai Real Estate Development Co., Ltd. 洛陽住總宇泰房地產開發有限公司	A joint venture of CCRE Group
Zhengyang Jiandong Real Estate Co., Ltd. 正陽縣建東置業有限公司	An associate of CCRE Group
One Family Network Technology Co., Ltd. 河南一家網絡科技有限公司	An associate of the Group (Became a subsidiary of the Group since January 4, 2019 (note 32(a)(i)))

* On December 19, 2017, Mr. Wu acquired the 100% equity interests of Henan Central China New Life Service Co., Ltd. from its then shareholder, which was controlled by independent third parties, Mr. Hua Ziyi and Mr. Hua Zhichang. Accordingly, entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang were no longer related parties of the Group since December 19, 2017 and entities controlled by Mr. Wu became the Group's related parties since then.

(b) Transactions with related parties

During the years ended December 31, 2017, 2018 and 2019, the Group had the following significant transactions with related parties. The transactions amounts disclosed represent the transactions with relevant parties during the periods when those parties were related parties of the Group.

Provision of services to companies controlled by Mr. Wu, joint ventures and associates of CCRE Group:

	Year ended December 31,		
	2017	**2018**	**2019**
	RMB'000	**RMB'000**	**RMB'000**
Property management and related service	Not applicable	17,404	77,429
Consulting service	Not applicable	49,610	158,893
Commission income	Not applicable	35,853	184,582
Travel service income	Not applicable	14,691	38,738
Commercial property management and consultation services income and others	Not applicable	11,077	97,945
Installation services	Not applicable	—	116,009
Sales of goods	Not applicable	—	25,692
Membership management services	Not applicable	6,617	47,170
	Not applicable	135,252	746,458

Provision of services to an associate:

	Year ended December 31,		
	2017	**2018**	**2019**
	RMB'000	**RMB'000**	**RMB'000**
Property management service	3,100	4,104	—

Receipt of services from companies controlled by Mr. Wu:

	Year ended December 31,		
	2017	**2018**	**2019**
	RMB'000	**RMB'000**	**RMB'000**
Tourism cost	Not applicable	1,038	9,143

	Year ended December 31,		
	2017	**2018**	**2019**
	RMB'000	**RMB'000**	**RMB'000**
Interest income on loans to related parties			
—Controlled by Mr. Hua Ziyi and Mr. Hua Zhichang	56,267	Not applicable	Not applicable

All of the transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.

(c) Key management compensation

Compensations for key management other than those for directors as disclosed in Note 35 is set out below:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Salaries and other short-term employee benefits	5,387	8,211	20,659

(d) Balances with related parties

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Trade			
Trade receivables			
—CCRE Group and its related joint ventures and associates	40,078	81,414	491,741
—An associate of the Group	6,170	10,521	Not applicable
Trade payable			
—CCRE Group and its related joint ventures and associates	—	227	11,953
Contract liability			
—CCRE Group and its related joint ventures and associates	1,097	8,028	19,203
Non-Trade			
Other receivables			
—CCRE Group and its related joint ventures and associates	218	22,346	40,807
Other payables			
—CCRE Group and its related joint ventures and associates	4,750	10,387	22,938

Amounts due from/to related parties set out above are unsecured and interest free. Other receivables primarily represent payments received by the CCRE Group on behalf of the Group for sales of goods and services on the Jianye + (建業+) platform, which are ongoing and occurred in the ordinary course of business. Other payables primarily represent water, electricity, heating and other utility fees the Group collected on behalf for CCRE Group and its related joint ventures and associate from tenants, which are ongoing and occurred in the ordinary course of our business, and cash advances from the entities controlled by Mr. Wu, which amounted to RMB8,596,000 as of December 31, 2019 and will be settled before the Listing.

34 Commitments and contingent liabilities

(a) Capital commitments

During the Track Record Period, the Group's capital commitments mainly related to the development of the intelligent platform and financial sharing system. The details is set as below.

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Intangible assets	Nil	Nil	5,616

(b) Contingencies

Save as disclosed elsewhere in the Accountant's Report, the Group did not have any material contingent liabilities as at December 31, 2017, 2018 and 2019.

35 Directors' benefits and interests

(a) Directors emoluments

The directors received emoluments from the Group (in their role as senior management and employee before their appointment as directors) for the year ended December 31, 2017 as follows:

Name	Salaries (i)	Housing allowance and contributions to a retirement benefit scheme	Other allowance and benefits in kind	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors				
Wang Jun (i)	—	—	—	—
Cai Bin (ii)	1,608	47	—	1,655
Non-executive Directors				
Wu Lam Li (ii)	—	—	—	—
Min Huidong (ii)	—	—	—	—
	1,608	47	—	1,655

The directors received emoluments from the Group (in their role as senior management and employee before their appointment as directors) for the year ended December 31, 2018 as follows:

Name	Salaries (i)	Housing allowance and contributions to a retirement benefit scheme	Other allowance and benefits in kind	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors				
Wang Jun (i)	—	—	—	—
Cai Bin (ii)	2,332	47		2,379
Non-executive Directors				
Wu Lam Li (ii)	—	—	—	—
Min Huidong (ii)	—	—	—	—
	2,332	47		2,379

The directors received emoluments from the Group (in their role as senior management and employee before their appointment as directors) for the year ended December 31, 2019 as follows:

Name	Salaries (i)	Housing allowance and contributions to a retirement benefit scheme	Other allowance and benefits in kind	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors				
Wang Jun (i)	1,558	8	—	1,566
Cai Bin (ii)	3,165	81	—	3,246
Non-executive Directors				
Min Huidong (ii)	—	—	—	—
	4,723	89	—	4,812

(i) Wang Jun was appointed as executive director since October 2018.

(ii) The directors, Cai Bin and Wu Lam Li were appointed as directors in October 2019. Min Huidong joined the Group and was appointed as director in October 2019.

(b) Directors' retirement benefits and termination benefits

There were no retirement benefits paid to or receivable by directors during the Track Record Period by defined benefit pension plans operated by the Group and there were no director's termination benefits subsisted during the Track Record Period.

(c) Consideration provided to third parties for making available directors' services

During the Track Record Period, the Group did not pay consideration to any third parties for making available directors' services.

(d) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

During the Track Record Period, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favor of directors.

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted as at December 31, 2017, 2018 and 2019 or at any time during the Track Record Period.

36 Investment in a subsidiary—Company

Particulars of the principal subsidiaries of the Group as at December 31, 2017, 2018 and 2019 are set out as below.

Company name	Country/place and date of incorporation/ establishment	Registered/ issued and paid-up capital	Attributable equity interest of the Group				Principal activities/ place of operation	Note
			December 31,			As at this report date		
			2017	2018	2019			
Directly owned:								
Sky Joy Limited	BVI, October 26, 2018	US$1/ US$1	Not applicable	100%	100%	100%	Investment holding in BVI	(ii)

Company name	Country/place and date of incorporation/ establishment	Registered/ issued and paid-up capital	Attributable equity interest of the Group				Principal activities/ place of operation	Note
			December 31,			As at this report date		
			2017	2018	2019			
Indirectly owned:								
Central China New Life (Hong Kong) Limited	Hong Kong, November 2, 2018	HK$10,000/ HK$Nil	Not applicable	100%	100%	100%	Investment holding in Hong Kong	(ii)
Henan Central China New Life Service Co., Ltd. 河南建業新生活服務有限公司	The PRC, April 21, 2016	RMB200,000,000/ RMB90,000,000	100%	100%	100%	100%	Consultancy Services in Henan Province	(ii)
Henan Central China Property Management Co., Ltd.* 河南建業物業管理有限公司	The PRC, January 12, 1999	RMB5,000,000/ RMB5,000,000	100%	100%	100%	100%	Property management services in Henan Province	(ii)
Henan Zhizun Housing Agency Co., Ltd.* 河南至尊房屋中介有限公司	The PRC, March 25 ,2010	RMB10,000,000/ RMB5,200,000	100%	100%	100%	100%	Real estate marketing services in Henan Province	(i)
Henan Central China New Life Travel Service Co., Ltd.* 河南建業新生活旅遊服務有限公司	The PRC, May 18, 2016	RMB100,000,000/ RMB16,050,000	100%	100%	100%	100%	Tourism services in Henan Province	(ii)
Henan Central China New Life Hotel Management Co., Ltd.* 河南建業新生活酒店管理有限公司	The PRC, May 18, 2016	RMB10,000,000/ RMB10,000,000	100%	100%	100%	100%	Hotel management services in Henan Province	(ii)

Company name	Country/place and date of incorporation/ establishment	Registered/ issued and paid-up capital	Attributable equity interest of the Group				Principal activities/ place of operation	Note
			December 31,			As at this report date		
			2017	2018	2019			
Indirectly owned:								
Henan Central China OP New Life Services Co., Ltd.* 河南建業東英新生活服務有限公司	The PRC, May 18, 2016	RMB200,000,000/ RMB100,000,000	70%	70%	Not applicable	Not applicable	Investment holding in Henan Province	(i)
Henan Yunwu Changxiang Network Technology Co., Ltd.* 河南雲屋暢享網絡科技有限公司	The PRC November 9, 2016	RMB10,000,000/ RMB20,000,000	38.5%	54.25%	Not applicable	Not applicable	Rental services in Henan Province	(i)(iii)
Henan Central New Life Agricultural Development Co., Ltd.*(formerly known as Henan Songyan Agricultural Development Co., Ltd.*) 河南建業新生活農業發展有限公司(formerly known as 河南嵩炎農業發展有限公司)	The PRC, November 6, 2018	RMB50,000,000/ RMB1,000,000	Not applicable	94%	94%	94%	Management consulting services in Henan Province	(ii)
Henan Aiou Electronic Technology Co., Ltd.* ("Aiou Electronic") 河南艾歐電子科技有限公司	The PRC, March 25, 2014	RMB8,000,000/ RMB3,000,000	Not applicable	Not applicable	93.33%	93.33%	Technology services in Henan Province	(ii)
Henan One Family Network Technology Co., Ltd.* ("One Family Network") 河南一家網絡科技有限公司	The PRC, February 5, 2015	RMB30,000,000/ RMB20,000,000	Not applicable	Not applicable	100%	100%	Technology services in Henan Province	(ii)

Company name	Country/place and date of incorporation/ establishment	Registered/ issued and paid-up capital	Attributable equity interest of the Group				Principal activities/ place of operation	Note
			December 31,			As at this report date		
			2017	2018	2019			
Song Yun (Beijing) Information Service Co., Ltd.* ("Song Yun Beijing Information") 嵩雲 (北京) 信息服務有限公司	The PRC, August 24, 2015	RMB10,000,000/ RMB10,000,000/	Not applicable	Not applicable	80%	80%	Technology services in Beijing	(ii)
Xinyang Nanhong Property Service Co., Ltd.* ("Xinyang Nanhong") 信陽市南虹物業服務有限公司	The PRC, July 17, 2015	RMB3,000,000/ Nil	Not applicable	Not applicable	100%	100%	Property management services in Henan Province	(ii)
Henan Central China Jing Yuecheng Commercial Management Co., Ltd.* 河南建業晶悅城商業管理有限公司	The PRC, January 24, 2019	RMB10,000,000/ RMB6,000,000	Not applicable	Not applicable	51%	51%	Management consulting services in Henan Province	(ii)
Linzhou Liuhe Property Management Co., Ltd.* 林州市六合物業服務有限公司	The PRC, November 4, 2013	RMB3,000,000/ RMB3,000,000	Not applicable	Not applicable	51%	51%	Property management services in Henan Province	(ii)
Zhegzhou Jiaxiang Property Management Co., Ltd.* 鄭州佳祥物業服務有限公司	The PRC, March 16, 2009	RMB3,000,000/ RMB3,000,000	Not applicable	Not applicable	51%	51%	Property management services in Henan Province	(ii)

* The English name of the subsidiaries represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

(i) The statutory financial statements of these companies for the year ended December 31, 2017 were prepared in accordance with Chinese accounting standards and audited by various certified public accountants firm.

(ii) No audited financial statements were issued for these companies as they are either newly incorporated or not required to issue audited financial statements under the statutory requirements of their respective places of incorporation.

(iii) In FY2017, Henan Yunwu Changxiang Network Technology Co., Ltd (the "Henan Yunwu") was held by Central China OP New Life Services Co., Ltd (the "OP New Life") by 55%, the intermediate holding company, which was held by the Group by 70%. Accordingly, the percentage indirectly owned by the Group was 38.5% in FY2017. Based on the control assessment, the Group believes that the Group controls Henan Yunwu as the Group is exposed to and has rights to variable returns from our involvement with the Henan Yunwu and has the liability to affect Henan Yunwu's returns through our power over the Henan Yunwu.

37 Event after the balance sheet date

Saved as disclosed in this report, subsequent to December 31, 2019, the following subsequent event took place:

Since January 2020, the PRC has encountered an outbreak of novel coronavirus ("2019-nCov"), as a result of which, certain measures were undertaken by the PRC central government and various provincial or municipal governments including but not limited to implementation of travel restrictions and extension of national holidays. Pending development of such subsequent non-adjusting event, the Group's financial results may be affected, the extent of which could not be estimated as at the date of this report.

III Subsequent financial statements

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2019 and up to the date of this report. No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2019.