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

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

(Stock Code: 06049)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

FINANCIAL SUMMARY

	Six months ended 30 June		
	2020	2019	Change
	RMB million	*RMB million*	
Revenue	**3,600.9**	2,822.0	Increase 27.6%
Gross profit	**734.0**	666.5	Increase 10.1%
Gross profit margin	**20.4%**	23.6%	Decrease 3.2 percentage points
Profit for the Period	**410.7**	320.8	Increase 28.0%
Net profit margin	**11.4%**	11.4%	Constant
Profit for the Period attributable to owners of the Company	**399.6**	313.6	Increase 27.4%
Basic earnings per share *(RMB)*	**0.72**	0.78	Decrease 7.7%
Cash and cash equivalents	**7,245.4**	1,902.4	Increase 280.9%

- For the six months ended 30 June 2020 (the "**Period**"), Poly Property Services Co., Ltd. (the "**Company**" or "**Poly Property**", and together with its subsidiaries, the "**Group**" or "**we**") recorded approximately RMB3,600.9 million of revenue, representing an increase of approximately 27.6% as compared to the corresponding period of 2019. For the six months ended 30 June 2020, revenue contribution by the Group's three major business lines is as follows: (i) revenue from property management services increased by approximately 25.4% to approximately RMB2,285.9 million as compared to the corresponding period of 2019; (ii) revenue from value-added services to non-property owners increased by approximately 20.8% to approximately RMB553.9 million as compared to the corresponding period of 2019; and (iii) revenue from community value-added services increased by approximately 40.8% to approximately RMB761.1 million as compared to the corresponding period of 2019.

- For the six months ended 30 June 2020, the Group recorded (i) approximately RMB734.0 million of gross profit, representing an increase of approximately 10.1% as compared to the corresponding period of 2019 with a gross profit margin of approximately 20.4%, representing a decrease of approximately 3.2 percentage points as compared to the corresponding period of 2019; (ii) approximately RMB410.7 million of profit for the Period, representing an increase of 28.0% as compared to the corresponding period of 2019 with a net profit margin of approximately 11.4%, which was constant as compared to the corresponding period of 2019; (iii) approximately RMB399.6 million of profit for the Period attributable to owners of the Company, representing an increase of approximately 27.4% as compared to the corresponding period of 2019; and (iv) approximately RMB0.72 of basic earnings per share.

- As at 30 June 2020, the cash and cash equivalents of the Group amounted to approximately RMB7,245.4 million, representing an increase of approximately RMB5,343 million or approximately 280.9% as compared to that of 30 June 2019.

RESULTS

The Board hereby announces the unaudited consolidated results of the Group for the six months ended 30 June 2020, together with comparative figures for the corresponding period of 2019, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2020	2019
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Audited)
Revenue	*6*	**3,600,919**	2,822,020
Cost of services		**(2,866,966)**	(2,155,502)
Gross profit		**733,953**	666,518
Other income and other net gain/(loss)	*7*	**122,935**	6,589
Selling and marketing expenses		**(1,563)**	(877)
Administrative expenses		**(307,494)**	(244,132)
Share of associates'/joint ventures' results		**9,018**	10,002
Finance cost		**(399)**	(435)
Other expense		**(415)**	(513)
Profit before income tax expense	*8*	**556,035**	437,152
Income tax expense	*9*	**(145,329)**	(116,381)
Profit for the Period		**410,706**	320,771
Profits for the Period attributable to:			
– Owners of the Company		**399,588**	313,584
– Non-controlling interests		**11,118**	7,187

	Notes	Six months ended 30 June **2020** ***RMB'000*** **(Unaudited)**	 2019 *RMB'000* (Audited)
Other comprehensive income, net of tax			
Items that will not be reclassified subsequently to profit or loss:			
Financial assets at fair value through other comprehensive income			
– Change in fair value		**(6,000)**	2,900
Profits and total comprehensive income for the Period		**404,706**	323,671
Profits and total comprehensive income for the Period attributable to:			
– Owners of the Company		**393,588**	316,484
– Non-controlling interests		**11,118**	7,187
Profits and total comprehensive income for the Period		**404,706**	323,671
Earnings per share (expressed in RMB per share)			
– Basic and diluted earnings per share	*11*	**0.72**	0.78

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Interests in associates/joint ventures		**34,993**	27,254
Property, plant and equipment		**118,539**	98,989
Investment properties		**15,185**	15,475
Financial assets at fair value through other comprehensive income		**7,000**	13,000
Intangible assets	*12*	**92,153**	95,709
Prepayments for property, plant and equipment		**757**	10,698
Deferred tax assets		**10,983**	6,636
		279,610	267,761
Current assets			
Inventories		**45,064**	46,268
Trade and bills receivables	*13*	**775,422**	391,388
Prepayments, deposits and other receivables		**436,786**	357,032
Deposits and bank balances		**7,245,369**	6,508,618
		8,502,641	7,303,306
Current liabilities			
Trade payables	*14*	**427,134**	253,359
Accruals and other payables		**1,230,760**	1,180,167
Income tax payable		**128,752**	51,024
Lease liabilities		**3,426**	2,643
Contract liabilities		**999,305**	936,732
		2,789,377	2,423,925
Net current assets		**5,713,264**	4,879,381
Total assets less current liabilities		**5,992,874**	5,147,142

	Notes	**As at 30 June 2020** *RMB'000* **(Unaudited)**	As at 31 December 2019 *RMB'000* (Audited)
Non-current liabilities			
Lease liabilities		**16,720**	12,252
Deferred tax liabilities		**11,753**	12,642
		28,473	24,894
Net assets		**5,964,401**	5,122,248
EQUITY			
Capital and reserves attributable to owners of the Company			
Capital	*15*	**553,333**	533,333
Reserves		**5,345,636**	4,522,154
Equity attributable to owners of the Company		**5,898,969**	5,055,487
Non-controlling interests		**65,432**	66,761
Total equity		**5,964,401**	5,122,248

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company was incorporated in the PRC on 26 June 1996 under the PRC Companies Law. On 25 October 2016, the Company was converted from a limited liability company into a joint stock company with limited liability. The address of the Company's registered office is located at Rooms 201-208, No. 688 Yue Jiang Zhong Road, Hai Zhu District, Guangzhou, Guangdong Province, the PRC. The Company's principal place of business is located at the PRC. The Company was listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 19 December 2019. The parent company is Poly Developments and Holdings Group Co., Ltd. ("**Poly Developments and Holdings**") whose shares are listed on the Mainboard of Shanghai Stock Exchange in the PRC. The ultimate holding company is China Poly Group Corporation Limited ("**China Poly Group**"), a state-owned enterprise incorporated in the PRC.

The Group is principally engaged in provision of property management service, value-added services to non-property owners and community value-added services in the PRC. The interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 24 August 2020.

2 BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("**HKAS 34**"), issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These interim condensed consolidated financial statements have been prepared with the same accounting policies adopted in the 2019 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2020. The Group has not early adopted any new and revised HKFRSs that has been issued but not yet effective in the current accounting period.

The preparation of these interim condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

These interim condensed consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated. These interim condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the 2019 annual financial statements. These interim condensed consolidated financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the "**HKFRSs**") and should be read in conjunction with the 2019 consolidated financial statements.

These interim condensed consolidated financial statements are unaudited, but has been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the HKICPA.

3 ADOPTION OF NEW AND REVISED STANDARDS

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

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

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

4 USE OF JUDGEMENTS AND ESTIMATES

In preparing these interim condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the 2019 annual financial statements.

5 SEGMENT INFORMATION

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

Information about major customer

For the six months ended 30 June 2020 and 2019, revenue from a Shareholder – Poly Developments and Holdings and its subsidiaries ("**Poly Developments and Holdings Group**") contributed 13.7% and 15.5% of the Group's revenue respectively. Other than the Poly Developments and Holdings Group, the Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the six months ended 30 June 2020 and 2019.

Operating segment information

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

Information about geographical areas

The major operating entity of the Group is domiciled in the PRC. Accordingly, all of the Group's revenue was derived in the PRC during the six months ended 30 June 2020 and 2019.

As at 30 June 2020 and 31 December 2019, all of the non-current assets were located in the PRC.

6 REVENUE

Revenue mainly comprises of proceeds from property management services, value-added services to non – property owners and community value-added services. An analysis of the Group's revenue by category for the six months ended 30 June 2020 and 2019 was as follows:

	Revenue from customers and recognised	Six months ended 30 June	
		2020	2019
		RMB'000	*RMB'000*
		(Unaudited)	(Audited)
Property management services	over time	**2,285,930**	1,822,975
Value-added services to non-property owners	over time	**553,923**	458,646
Community value-added services			
– Other value-added services	over time	**451,289**	412,616
– Sales of goods	at a point in time	**309,777**	127,783
		3,600,919	2,822,020

For property management service, the performance obligation is satisfied upon services provided. For value-added service to non-property owners, the performance obligation is satisfied upon services provided. For community value-added service, the performance obligation is satisfied upon services provided and the service income is due for payment by the residents upon issuance of demand note.

(a) Unsatisfied performance obligations

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

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

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

During the six months ended 30 June 2020 and 2019, there was no significant incremental costs to obtain a contract.

(c) Details of contract liabilities

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

	As at 30 June 2020	As at 31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Contract liabilities	**999,305**	936,732

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. RMB649,680,000 of the contract liabilities as of 1 January 2020 has been recognised as revenue for the six months ended 30 June 2020.

7 OTHER INCOME AND OTHER NET GAIN/(LOSS)

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Other income:		
Bank interest income	**47,938**	2,243
Other interest income *(Note a)*	**10,043**	7,540
Government grants *(Note b)*	**30,210**	4,505
Penalty income	**596**	608
Others	**393**	371
	89,180	15,267
Other net gain/(loss):		
Gain on disposal of investment properties	**–**	1,256
Loss on disposal of property, plant and equipment	**(89)**	(88)
Impairment loss on trade receivables	**(14,833)**	(7,149)
Impairment loss on other receivables	**(2,554)**	(2,697)
Exchange gain, net	**51,231**	–
	122,935	6,589

Notes:

(a) Other interest income represented the following:

i. The interest received from the amount due from Poly Developments and Holdings Group during the six months ended 30 June 2020 and 2019, which is unsecured, interest-bearing and repayable on demand.

ii. The interest received from the amount due from a related party during the six months ended 30 June 2020 and 2019, which is unsecured, interest-bearing and repayable on demand.

iii. During the six months ended 30 June 2020 and 2019, interest was also received from the deposit maintained with a fellow subsidiary, Poly Finance Company Limited ("**Poly Finance**"), which is unsecured, interest-bearing and repayable on demand or with a 7-day notice.

(b) Government grants mainly included the financial support received from the local government as an incentive for business development and there are no unfulfilled conditions attached to the government grant.

8 PROFIT BEFORE INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Auditor's remuneration	**400**	–
Depreciation of property, plant and equipment	**19,650**	16,155
Depreciation of investment properties	**290**	337
Amortisation of intangible assets	**3,556**	3,223
Impairment loss on trade receivables	**14,833**	7,149
Impairment loss on other receivables	**2,554**	2,697
Short-term leases expenses	**31,214**	22,861
Finance cost – interest on lease liabilities	**399**	435
Staff costs (including directors' emoluments):		
Salaries and bonus	**1,485,218**	1,201,658
Pension costs, housing funds, medical insurances and other social insurances	**131,968**	180,373
	1,617,186	1,382,031

9 INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current tax		
Tax for the current period and prior year	**150,565**	118,955
Deferred tax		
Credited to profit or loss for the Period	**(5,236)**	(2,574)
	145,329	116,381

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong for the six months ended 30 June 2020 and 2019.

Corporate income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the periods, based on the existing legislation, interpretations and practices in respect thereof. The general corporate income tax rate in PRC is 25%. Certain subsidiaries of the Group are located in western cities in PRC, and are subjected to a preferential corporate income tax rate of 15% in certain periods.

10 DIVIDENDS

During the six months ended 30 June 2019, dividend of RMB160,000,000 in respect of 2018 was declared and paid by the Company to its Shareholders (Poly Developments and Holdings and Xizang Yingyue Investment Management Co., Ltd.).

During the six months ended 30 June 2020, dividend of RMB166,000,020 (tax inclusive) in respect of 2019 was declared and unpaid.

No interim dividend was declared for the six months ended 30 June 2020 and the six months ended 30 June 2019.

11 EARNINGS PER SHARE

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Profits		
Profit attributable to owners of the Company	**399,588**	313,584

	Six months ended 30 June	
	2020	2019
	Number'000	*Number'000*
	(Unaudited)	(Audited)
Number of shares		
Weighted average number of ordinary shares *(note)*	**551,575**	400,000
Basic and diluted earnings per share (RMB)	**0.72**	0.78

Note: Weighted average of 551,575,000 ordinary shares for the six months ended 30 June 2020 includes the weighted average of 20,000,000 ordinary shares issued due to over-allotment, in addition to the 533,333,400 ordinary shares for the year ended 31 December 2019.

Weighted average of 400,000,000 ordinary shares for the six months ended 30 June 2019, being the number of shares in issue immediately after the completion of capitalisation issued on 7 May 2019, was deemed to have been issued throughout the year ended 31 December 2018 and until immediately before the global offering.

Diluted earnings per share were the same as the basic earnings per share as the Group had no dilutive potential shares for the six months ended 30 June 2020 and 2019.

12 INTANGIBLE ASSETS

	Property management contracts *RMB'000*	Goodwill *RMB'000*	Total *RMB'000*
COST			
At 1 January 2019 (Audited)	55,000	46,129	101,129
Acquired through acquisition of a subsidiary	3,000	904	3,904
At 31 December 2019 (Audited), 1 January 2020 (Audited) and 30 June 2020 (Unaudited)	58,000	47,033	105,033
ACCUMULATED AMORTISATION			
At 1 January 2019 (Audited)	2,546	–	2,546
Amortisation	6,778	–	6,778
At 31 December 2019 and 1 January 2020 (Audited)	9,324	–	9,324
Amortisation	3,556	–	3,556
At 30 June 2020 (Unaudited)	12,880	–	12,880
NET BOOK VALUE			
At 30 June 2020 (Unaudited)	45,120	47,033	92,153
At 31 December 2019 (Audited)	48,676	47,033	95,709

13 TRADE AND BILLS RECEIVABLES

	As at 30 June 2020 *RMB'000* **(Unaudited)**	As at 31 December 2019 *RMB'000* (Audited)
Related parties	**220,497**	133,976
Third parties	**585,213**	272,447
Total	**805,710**	406,423
Less: allowance for impairment of trade receivables	**(30,288)**	(15,455)
	775,422	390,968
Bills receivables	**–**	420
	775,422	391,388

As at 30 June 2020 and 31 December 2019, the trade receivables were denominated in RMB, and the fair value of trade receivables approximated its carrying amounts.

Trade receivables mainly arise from property management services income under lump sum basis and income under value-added services to non-property owners.

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

The maturity of the bills receivable of the Group as at 31 December 2019 is within 1 month. As at 31 December 2019, bills receivable is due from Poly Developments and Holdings Group.

As at 30 June 2020 and 31 December 2019, the ageing analysis of the trade receivables based on invoice date was as follows:

	As at 30 June 2020 *RMB'000* **(Unaudited)**	As at 31 December 2019 *RMB'000* (Audited)
Within 1 year	**744,225**	383,526
1 to 2 years	**51,635**	20,962
Over 2 years	**9,850**	1,935
	805,710	406,423

14 TRADE PAYABLES

	As at 30 June 2020 *RMB'000* **(Unaudited)**	As at 31 December 2019 *RMB'000* (Audited)
Related parties *(Note)*	**6,529**	10,217
Third parties	**420,605**	243,142
	427,134	253,359

Based on the receipt of services and goods, which normally coincided with the invoice dates, the ageing analysis of the Group's trade payables as at the end of the Period/year was as follows:

	As at 30 June 2020 *RMB'000* **(Unaudited)**	As at 31 December 2019 *RMB'000* (Audited)
Within 1 year	**400,088**	244,999
1 to 2 years	**26,136**	8,194
Over 2 years	**910**	166
	427,134	253,359

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

15 CAPITAL

	Notes	Domestic shares Number '000	Domestic shares Amount RMB'000	Listed H shares Number '000	Listed H shares Amount RMB'000	Total Number '000	Total Amount RMB'000
Registered, issued and fully paid:							
At 1 January 2019 (Audited)	*(a)*	**100,000**	100,000	**–**	–	**100,000**	100,000
Issue of domestic shares upon capitalisation	*(b)*	**300,000**	300,000	**–**	–	**300,000**	300,000
Issue of H shares upon global offering	*(c)*	**–**	–	**133,333**	133,333	**133,333**	133,333
At 31 December 2019 and 1 January 2020 (Audited)		**400,000**	400,000	**133,333**	133,333	**533,333**	533,333
Issue of H shares upon over-allotment	*(d)*	**–**	–	**20,000**	20,000	**20,000**	20,000
At 30 June 2020 (Unaudited)		**400,000**	400,000	**153,333**	153,333	**553,333**	553,333

Note:

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

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

(c) On 19 December 2019, 133,333,400 H shares of par value RMB1.00 each of the Company were issued at a price of HK$35.1 by way of a global offering. On the same date, the Company's H shares were listed on the Stock Exchange. Gross proceeds from the issue amounted to HK$4,680,002,000 (equivalent to RMB4,207,509,400). After deducting the underwriting fees and relevant expenses of RMB134,591,000, net proceeds from the issue amounted to RMB4,072,918,400, of which, RMB133,333,400 was recorded as capital and RMB3,939,585,000 was recorded as share premium.

(d) On 17 January 2020, 20,000,000 H shares of par value RMB1.00 each of the Company were issued pursuant to the exercise of over-allotment option in full on 10 January 2020 at HK$35.1 per share.

(e) Both holders of domestic shares and H shares are ordinary Shareholders and have equal rights and obligations.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2020, in the face of the severe challenges of the novel coronavirus, property management companies took the lead and spared full effort to protect the communities and homes, safeguard the health and normal life of property owners, and cooperate with the government to build a gridded pandemic prevention front. As a large-scale and comprehensive state-owned property management service provider, Poly Property has always upheld a high sense of responsibility for protecting the country and the people, and focused on both pandemic prevention and control and customer service, which has been highly recognized by the government, society and property owners.

As of 30 June 2020, the Group has entered 172 cities in 29 provinces, autonomous regions and municipalities across the country, providing professional, humanistic and valuable property management services for 1,142 projects including residential, commercial office and diversified public service businesses. The Group recorded a gross floor area ("**GFA**") under management of approximately 316.8 million sq.m., representing an increase of 29.9 million sq.m. as compared to the end of 2019. The Group recorded a contracted GFA of 493.4 million sq.m. with 1,647 contracted projects, representing an increase of 157 as compared to the end of 2019.

For the six months ended 30 June 2020, the Group recorded a revenue of approximately RMB3,600.9 million, representing an increase of approximately 27.6% as compared to the corresponding period of 2019; a gross profit of approximately RMB734.0 million, representing an increase of approximately 10.1% as compared to the corresponding period of 2019; a profit for the Period of approximately RMB410.7 million, representing an increase of approximately 28.0% as compared to the corresponding period of 2019; and a profit for the Period attributable to owners of the Group of approximately RMB399.6 million, representing an increase of approximately 27.4% as compared to the corresponding period of 2019.

According to the China Index Academy's 2020 Ranking of Top 100 Property Management Companies in China, the Group ranked third among the top 100 property management companies in China and first among the top 100 property management companies with state-owned background. With high-quality service capabilities and brand strength, the Group has won a good reputation in the industry. The brand value of the Group in 2019 exceeded RMB9 billion.

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

Property management services – representing approximately 63.5% of total revenue

For the six months ended 30 June 2020, the Group's revenue from property management services amounted to approximately RMB2,285.9 million, representing an increase of approximately 25.4% as compared to the corresponding period of 2019, which is mainly due to the expansion of GFA under management and the increase in the number of projects under management of the Group.

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

Source of projects	As at 30 June 2020 Contracted GFA '000 sq.m.	2020 Percentage of contracted GFA %	2019 Contracted GFA '000 sq.m.	2019 Percentage of contracted GFA %	New GFA acquired '000 sq.m.	Growth rate %
Poly Developments and Holdings Group *(Note)*	**218,935**	**44.4**	185,844	40.9	33,091	17.8
Third parties	**274,498**	**55.6**	269,071	59.1	5,427	2.0
Total	**493,433**	**100.0**	454,915	100.0	38,518	8.5

Note: "Poly Developments and Holdings Group" refers to properties developed, solely or jointly with other parties, by members of Poly Developments and Holdings Group (including its joint ventures and associates).

As the benchmark leader in the real estate industry in China, the steady development of our controlling shareholder, Poly Developments and Holdings, has brought us continuous business growth. As of 30 June 2020, the contracted GFA from Poly Developments and Holdings Group reached approximately 218.9 million sq.m., representing an increase of approximately 9.1 million sq.m. and 33.1 million sq.m. as compared to the end of 2019 and the corresponding period of 2019, respectively.

As of 30 June 2020, the Group's contracted GFA from third parties was approximately 274.5 million sq.m., representing a decrease of approximately 13.8 million sq.m. as compared to the end of 2019, primarily due to the expiry of certain project contracts with a larger contracted area. During the Period, we further expanded our market expansion efforts and optimized the quality of project development. We strengthened the layout of key non-residential businesses and key projects, highlighted the resource advantages of a state-owned enterprise, vigorously explored joint investment and cooperation with state-owned enterprises and local state-owned capital investment and operation platforms, and established a comprehensive strategic partnership with Huaihua Economic Development Zone Wushui State-owned Assets Operation Management Co., Ltd.* (懷化經濟開發區舞水國有資產經營管理有限公司) and Jiujiang Industrial Investment Holdings Development Co., Ltd.* (九江工投控股發展有限公司).

For the six months ended 30 June 2020, the Group completed the signing of 137 new third-party projects with a single-year contract value of approximately RMB650 million, more than half of which were projects regarding non-residential business. In the expansion of third-party residential projects, we still maintained a good momentum of expansion. The contracted area of third-party residential projects increased by approximately 11.2 million sq.m. to approximately 78.9 million sq.m. as compared to the end of 2019.

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

	For the six months ended or as at 30 June									
	2020					2019				
Source of projects	**Revenue**		**GFA under management**		**Number of projects under management**	Revenue		GFA under management		Number of projects under management
	RMB'000	*%*	*'000 sq.m.*	*%*		*RMB'000*	*%*	*'000 sq.m.*	*%*	
Poly Developments and Holdings Group *(Note)*	**1,734,353**	**75.9**	**136,909**	**43.2**	**657**	1,509,079	82.8	112,131	43.1	532
Third parties	**551,577**	**24.1**	**179,927**	**56.8**	**485**	313,896	17.2	148,202	56.9	314
Total	**2,285,930**	**100.0**	**316,836**	**100.0**	**1,142**	1,822,975	100.0	260,333	100.0	846

As of 30 June 2020, the GFA under management of the Group was approximately 316.8 million sq.m., of which approximately 136.9 million sq.m. was from the projects of Poly Developments and Holdings Group and approximately 179.9 million sq.m. was from the projects of third parties. In addition, revenue from property management services to third parties amounted to approximately RMB551.6 million, representing a significant increase of approximately 75.7% as compared to the corresponding period of 2019 and accounting for approximately 24.1% of the total revenue from property management services, representing a year-on-year increase of nearly 7 percentage points.

Equal emphasis on residential and non-residential businesses

For the six months ended 30 June 2020, the Group accelerated its "Comprehensive Property Strategy". Based on the steady growth of the residential management scale, the diversified business structure has been further optimized. The non-residential business has become one of the important driving forces for the scale development of the Group. During the Period, the GFA under management of non-residential business increased to approximately 167.0 million sq.m., accounting for approximately 52.7% of the total GFA under management. During the Period, we recorded property management revenue from non-residential properties of approximately RMB655.0 million, representing an increase of approximately 42.9% as compared to the corresponding period of 2019. The proportion of such revenue to the overall property management revenue increased by 3.6 percentage points year-on-year to 28.7%.

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

	For the six months ended or as at 30 June									
	2020					2019				
Source of projects	**Revenue**		**GFA under management**		**Number of projects under management**	Revenue		GFA under management		Number of projects under management
	RMB'000	*%*	*'000 sq.m.*	*%*		*RMB'000*	*%*	*'000 sq.m.*	*%*	
Residential communities	**1,630,962**	**71.3**	**149,820**	**47.3**	**724**	1,364,616	74.9	121,165	46.5	565
Non-residential properties	**654,968**	**28.7**	**167,015**	**52.7**	**418**	458,359	25.1	139,168	53.5	281
– Commercial and office buildings	**308,377**	**13.5**	**8,584**	**2.7**	**110**	241,934	13.2	6,974	2.7	71
– Public and other properties	**346,591**	**15.2**	**158,431**	**50.0**	**308**	216,425	11.9	132,194	50.8	210
Total	**2,285,930**	**100.0**	**316,835**	**100.0**	**1,142**	1,822,975	100.0	260,333	100.0	846

For residential communities, the Group has established two major property service brands of "Harmony Courtyard" and "Oriental Courtesy" as part of its dedicated effort to provide high-quality residential experience for property owners with refined management and standardized services. As at 30 June 2020, the GFA under management of the Group's residential communities was approximately 149.8 million sq.m., accounting for approximately 47.3% of the total GFA under management. For the six months ended 30 June 2020, revenue from property management services for residential communities amounted to approximately RMB1,631.0 million, representing an increase of approximately 19.5% as compared to the corresponding period of 2019 and accounting for approximately 71.3% of total revenue from the Group's property management services.

For commercial and office buildings, the Group has established the property service brand of "Nebula Ecology" to provide a trinity service system including property management, asset management and corporate services around the service concept of "scenario operation" while taking into account the commercial and office needs of Chinese enterprises. During the Period, we signed new contracts for landmark projects such as the China Development Bank Tower and the International Convention and Exhibition Center in Heping District, Shenyang. As at 30 June 2020, the GFA under management of the Group's commercial and office buildings was approximately 8.6 million sq.m. For the six months ended 30 June 2020, revenue from property management services for commercial and office buildings amounted to approximately RMB308.4 million, representing an increase of approximately 27.5% as compared to the corresponding period of 2019.

In the field of public services, the need for grid management in pandemic prevention and control and the in-depth promotion of the policy of strengthening the modernization of grassroots governance are expected to further accelerate the marketization of public services, and a number of property management peers' active layout in diversified public service fields including urban services will also accelerate the promotion of market-oriented service models.

Poly Property adheres to its original mission of serving the government, serving the society, and serving the residents. In the development of public services, it insists on scale growth, quality assurance, and model innovation, and has achieved certain results:

First, the scale of our public service projects saw continuous growth. As at 30 June 2020, the number of projects under management increased by 42 to 308 as compared to the end of 2019, with a total GFA under management of approximately 158.4 million sq.m. During the Period, we completed the signing of 66 new projects. For the six months ended 30 June 2020, the Group's revenue from public and other properties amounted to approximately RMB346.6 million, representing an increase of 60.1% as compared to the corresponding period of 2019 and accounting for approximately 15.2% of the total revenue from property management services, which reflected an increase of approximately 3.3 percentage points in its percentage of revenue as compared to the corresponding period of 2019.

Second, we focused on three core property types, i.e. higher education, teaching and research properties, railway and transportation properties, and properties in towns and scenic areas, accelerated the implementation of landmark projects, and continuously improved the depth and breadth of services through deep project development and superimposed services. As of 30 June 2020, the number of projects under management for the three property types reached 176, accounting for more than 50% of the total number of public service projects. During the Period, new contracted projects regarding public services included urban and transportation comprehensive management for Yaozhuang Town, Adou Village Scenic Area in Henan, Zhengzhou Rail Transit Line 3, Hunan Institute of Technology and other landmark projects.

Third, we actively explored public service-related industries such as the integration of environmental sanitation, smart towns, improved special service skills, increased industrial synergies, and provided full-process solutions for the government's grassroots governance. During the Period, we successfully signed contracts for environmental sanitation service projects such as road sweeping and cleaning services for Jianxi District, Luoyang City, and urban and rural environmental sanitation of Tancheng County. We launched the pilot of the urban smart information platform, and realized the digitalization and visualization of urban management through applications such as public facility sensing systems and smart patrol systems, which further improved governance efficiency.

Fourth, we continuously strengthened quality control and training of professional talents. During the Period, we have completed the formulation of service standard manuals for industrial parks, railway and transportation properties, properties in towns and scenic areas, higher education, teaching and research properties, and achieved continuous improvement in service quality by continuously standardizing work processes and service standards. On the other hand, we have cultivated the core capabilities of public service through the "Starlight Public Service Professional Talents Plan", actively prepared the establishment of public service institutes, improved the construction of public service talent pipelines, and supported the rapid development of our business.

Average property management fee per unit

Benefiting from higher pricing standards for new projects, price increases for certain projects under management, and higher standards for third-party projects, the average property management fee per unit of the Group continued to increase.

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

	For the six months ended 30 June		
	2020	2019	**Changes**
	(RMB/sq. m./month)		*(RMB)*
Residential communities	**2.22**	2.18	Increase 0.04
– Poly Developments and Holdings Group	**2.30**	2.27	Increase 0.03
– Third parties	**1.70**	1.48	Increase 0.22
Commercial and office buildings	**7.94**	6.71	Increase 1.23
– Poly Developments and Holdings Group	**8.95**	7.97	Increase 0.98
– Third parties	**5.90**	3.15	Increase 2.75

Value-added services to non-property owners – representing 15.4% of total revenue

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

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

	For the six months ended 30 June			
Service Type	**2020**		2019	
	RMB'000	**Percentage of revenue %**	*RMB'000*	Percentage of revenue %
Pre-delivery services	**443,752**	**80.1**	358,633	78.2
Other value-added services to non-property owners	**110,171**	**19.9**	100,013	21.8
Total	**553,923**	**100.0**	458,646	100.0

For the six months ended 30 June 2020, the Group's revenue from value-added services to non-property owners amounted to approximately RMB553.9 million, representing an increase of approximately 20.8% as compared to the corresponding period of 2019, which was mainly due to (i) the continuous increase in the number of projects providing pre-delivery services to Poly Developments and Holdings; and (ii) the rapid growth of value-added services to non-property owners in projects of third-party developers.

Community value-added services – representing approximately 21.1% of total revenue

Affected by the COVID-19 pandemic, the development of community value-added services such as home-entry value-added services, community media operations, and community space operations was subject to phased restrictions. Poly Property, which is committed to meeting the needs of its customers, actively initiated special services such as delivery of vegetables and fresh produce to communities, and cumulatively delivered more than 300,000 orders of fresh vegetables to over 330 communities across the country, using its best efforts to ensure the normal life of property owners in communities, especially those in key pandemic areas.

Despite the impact of the pandemic, we are still actively exploring and reforming. Through a combined model of "convenience services + vertical services + special pandemic services", we have achieved rapid growth in revenue from community value-added services. For the six months ended 30 June 2020, the Group's revenue from community value-added services amounted to approximately RMB761.1 million, representing an increase of approximately 40.8% as compared to the corresponding period of 2019.

In the field of convenience services, based on the premise of solid basic property services, we provide property owners in communities with convenience services in various categories such as household cleaning, maintenance, household appliance cleaning, maternity care and babysitting. We also launched special anti-pandemic and disinfection services for families and cars during the pandemic, and cumulatively provided disinfection services for more than 30,000 families, protecting the health and safety of property owners in communities.

In the field of vertical services, we have carried out intensive cultivation around business lines such as move-in and furnishing and community retail. On the one hand, we continued to expand our regional coverage and penetration rate, and accelerated the implementation of standardized service systems. The coverage of our move-in and furnishing business in the delivery of furnished properties has greatly improved. On the other hand, we continued to optimize the supply chain system, make use of economies of scale, and actively introduce large-scale high-quality brands to enrich the supply categories, so as to meet the multi-level needs of property owners. In addition, we built a three-dimensional marketing channel integrating online and offline channels, and created a convenient consumer experience through multiple channels such as online shopping malls and live broadcast marketing. By strengthening follow-up services with property owners, we paid attention to customer feedback in a timely manner and formulated targeted improvement measures to promote a positive business cycle.

Move-in and furnishing services: realising approximately RMB199.3 million in revenue, accounting for approximately 26.2% of the total revenue from community value-added services

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

Community retail: realising approximately RMB176.1 million in revenue, accounting for approximately 23.1% of the total revenue from community value-added services

Community retail offers value-for-money products to property owners for their selection through different ways such as direct supply, centralized procurement and prepositioned warehouses. We have optimized our product supply chains and delivery capabilities through mutual access of online and offline resources in order to provide property owners with a cost-effective shopping experience.

Parking lot management services: realising approximately RMB100.8 million in revenue, accounting for approximately 13.2% of the total revenue from community value-added services

Parking lot management services aim at providing operation solutions targeting order management and control, operation and development and toll management with reference to a thorough combination of distinctive factors in relation to the carparks, including facilities, geographical location, distribution of carpark spaces and customer demands.

Community media: realising approximately RMB34.4 million in revenue, accounting for approximately 4.5% of the total revenue from community value-added services

Community media services are committed to developing a multi-dimensional value chain of media operation. We have developed the resources of core areas in our projects such as elevators and carparks, in depth to actively integrate the resources of suppliers.

Community space management: realising approximately RMB49.1 million in revenue, accounting for approximately 6.5% of the total revenue from community value-added services

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

Community convenience and other services: realising approximately RMB201.4 million in revenue, accounting for approximately 26.5% of the total revenue from community value-added services

We provided diversified convenience and living services according to the needs of property owners, including home cleaning, housekeeping and maintenance, theme-based education and realtor services, business ancillary services as well as property-specific services such as garbage disposal and removal.

FUTURE DEVELOPMENT

The COVID-19 pandemic has had a profound impact on the development of the property management industry. The value of quality services is perceived and recognized faster. Property management companies with brand influence, industry reputation and excellent service capabilities will be met with new development opportunities. Changes in residents' living needs and consumption habits under the pandemic will provide property management services with the potential to expand its boundaries, and promote category innovation and model upgrade of community value-added services. In addition, the property management industry is accelerating its integration into the social governance service system. Cross-industry cooperation with related upstream and downstream industries, complementary advantages, and joint efforts in public utilities including urban services will become a new trend of industry growth. Technology-based and intelligent infrastructure in property management will accelerate the upgrading and transformation of industry development models and become a necessary tool for property management companies to reduce costs, increase efficiency, and drive the scale development.

Poly Property will maintain a high degree of strategic determination, follow its established development rhythm, adhere to the path of scale development, comprehensively strengthen its operation and management capabilities, continue to strengthen informatization construction and investment in technology, and maintain rapid and healthy development of the Company.

First, we will highlight development themes and continue to improve the way we grow at a larger scale. We will make full use of the resource advantages of a state-owned enterprise, and promote the implementation of joint investment and cooperation with large state-owned enterprises and local state-owned capital investment and operation platforms. We will highlight the strategic function of investment, mergers and acquisitions in industrial development, expand our industry layout in public services, community value-added services and other fields, and create industry portfolio advantages.

Second, we will comprehensively strengthen our operational capabilities and facilitate improvements in quality and efficiency. We will accelerate the promotion of the national implementation of ultimate standardized management, and comprehensively improve operational efficiency and stabilize service quality in six standard systems including service standards, operating standards, staffing standards, management and control standards, assessment and incentive standards, and personnel competence standards. In addition, we will further refine the multi-layered incentive and evaluation mechanism, optimize the "United Spirit" performance assessment system, and continuously stimulate the internal vitality of our development.

Third, we will strengthen technology empowerment and increase investment in informatization and intelligentization. We will accelerate the overall upgrade of information infrastructure such as management information systems and smart parking systems, actively carry out the exploration and application of the Internet of Things and big data technologies in community scenarios, and promote the research and pilot projects of special informatization tools such as smart towns, smart buildings, and smart campuses. In addition, we will further improve our customer service system through informatization means, improve the timeliness, convenience and accessibility of various services, and continuously improve service experience.

FINANCIAL REVIEW

Revenue

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

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

	Six months ended 30 June				
	2020		2019		
	RMB'000	**Percentage of revenue %**	*RMB'000*	Percentage of revenue %	Growth rate %
Property management services	**2,285,930**	**63.5**	1,822,975	64.6	25.4
Value-added services to non-property owners	**553,923**	**15.4**	458,646	16.3	20.8
Community value-added services	**761,066**	**21.1**	540,399	19.1	40.8
Total	**3,600,919**	**100.0**	2,822,020	100.0	27.6

For the six months ended 30 June 2020, total revenue of the Group amounted to approximately RMB3,600.9 million (six months ended 30 June 2019: approximately RMB2,822.0 million), representing an increase of approximately 27.6% as compared to the corresponding period of 2019. It was primarily due to: (i) an increase in revenue driven by the continuous increase in the management scale of the Group; and (ii) the rapid growth of various value-added services of the Group during the Period.

Cost of services

During the Period, the cost of services of the Group amounted to approximately RMB2,867.0 million (six months ended 30 June 2019: approximately RMB2,155.5 million), representing an increase of approximately 33.0% as compared to the corresponding period of 2019. The increase in the cost of services was primarily due to (i) the expansion of GFA under management and the increase in the number of projects under management of the Group, which resulted in a corresponding increase in staff costs and subcontracting costs; and (ii) a faster growth of vertical value-added services, including move-in and furnishing services and community retail, which resulted in an increase in the corresponding raw material costs.

Gross profit and gross profit margin

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

	Six months ended 30 June					
	2020			2019		
	Gross profit (RMB'000)	**Percentage of gross profit %**	**Gross profit margin %**	Gross profit (RMB'000)	Percentage of gross profit %	Gross profit margin %
Property management services	**389,152**	**53.0**	**17.0**	330,753	49.7	18.1
Value-added services to non-property owners	**114,679**	**15.6**	**20.7**	97,611	14.6	21.3
Community value-added services	**230,122**	**31.4**	**30.2**	238,154	35.7	44.1
Total	**733,953**	**100.0**	**20.4**	666,518	100.0	23.6

For the six months ended 30 June 2020, the Group's gross profit was approximately RMB734.0 million, representing an increase of approximately 10.1% as compared to approximately RMB666.5 million of the corresponding period of 2019. The Group's gross profit margin decreased from approximately 23.6% in the corresponding period of 2019 to approximately 20.4%.

For the six months ended 30 June 2020, the Group's gross profit margin for property management services was approximately 17.0% (six months ended 30 June 2019: approximately 18.1%), representing a slight decrease, which was primarily due to increased maintenance of public equipment and facilities in certain projects to improve service quality.

For the six months ended 30 June 2020, the gross profit margin for value-added services to non-property owners was approximately 20.7% (six months ended 30 June 2019: approximately 21.3%), representing a slight decrease, which was primarily due to the corresponding delay in the commencement of construction, sales and delivery of projects due to the pandemic, and the preparation cost of the projects having been incurred.

For the six months ended 30 June 2020, the Group's gross profit margin for community value-added services was approximately 30.2% (six months ended 30 June 2019: approximately 44.1%), representing a decrease of approximately 13.9 percentage points as compared to the corresponding period of 2019, which was primarily due to changes in the business structure during the Period: (i) affected by the pandemic, the development of high-margin businesses such as certain home-entry value-added services, community media and community space was periodically restricted, which led to a decline in revenue; (ii) during the pandemic, in order to satisfy the living needs of property owners, the Group actively carried out community retail businesses to ensure people's livelihood such as the provision of fresh vegetables and fruits; and (iii) vertical businesses which are still in the growth stage such as move-in and furnishing have grown rapidly and their proportion of revenue has increased.

Administrative expenses

For the six months ended 30 June 2020, the total administrative expenses of the Group were approximately RMB307.5 million, representing an increase of approximately 26.0% as compared to approximately RMB244.1 million for the six months ended 30 June 2019. Such increase was primarily due to an increase in employee wages and welfare and relevant expenses as compared to the corresponding period of 2019 as a result of the Group's increased headcount to cope with its rapid business development. The administrative expenses of the Group accounted for approximately 8.5% (six months ended 30 June 2019: approximately 8.7%) of the total revenue, representing a decrease of approximately 0.2 percentage points as compared to the corresponding period of 2019.

Other income and other net gain

For the six months ended 30 June 2020, other income and other net gain was approximately RMB122.9 million, representing an increase of approximately 1,762.1% as compared to approximately RMB6.6 million for the six months ended 30 June 2019. Such increase was primarily due to (i) an increase in interest income and government grants; and (ii) the net exchange gain recognised in respect of changes in foreign exchange rates.

Profit for the Period

For the six months ended 30 June 2020, the profit for the Period of the Group was approximately RMB410.7 million, representing an increase of approximately 28.0% as compared to approximately RMB320.8 million of the corresponding period of 2019. The profit for the Period attributable to owners of the Company was approximately RMB399.6 million, representing an increase of approximately 27.4% as compared to approximately RMB313.6 million of the corresponding period of 2019. The net profit margin was approximately 11.4%, which was constant as compared to the corresponding period of 2019.

Current assets, reserves and capital structure

For the six months ended 30 June 2020, the Group maintained a sound financial position. As at 30 June 2020, the current assets amounted to approximately RMB8,502.6 million, representing an increase of approximately 16.4% as compared to approximately RMB7,303.3 million as at 31 December 2019. Cash and cash equivalents of the Group as at 30 June 2020 amounted to approximately RMB7,245.4 million, representing an increase of approximately 11.3% as compared to approximately RMB6,508.6 million as at 31 December 2019, primarily due to additional funds raised from the Company's over-allotment of H shares.

As at 30 June 2020, the Group's total equity was approximately RMB5,964.4 million, representing an increase of approximately RMB842.2 million or approximately 16.4% as compared to approximately RMB5,122.2 million as at 31 December 2019, which was primarily due to the funds raised from the over-allotment which resulted in an increase in the Company's equity and the contributions of the realised profits for the Period.

Property, plant and equipment

The Group's property, plant and equipment primarily includes right-of-use assets, buildings, leasehold improvements, computer equipment, electronic equipment, transportation equipment, furniture and equipment. As at 30 June 2020, the Group's property, plant and equipment amounted to approximately RMB118.5 million, representing an increase of approximately RMB19.5 million as compared to approximately RMB99.0 million as at 31 December 2019, which was primarily due to the purchase of electronic equipment for office use and the increase in renovations for leasehold properties for the purpose of the Group's business operations.

Intangible assets

The Group's intangible assets primarily includes property management contracts and goodwill obtained from a business combination. As at 30 June 2020, the Group's intangible assets amounted to approximately RMB92.2 million, representing a decrease of approximately RMB3.5 million as compared to approximately RMB95.7 million as at 31 December 2019, which was primarily due to the amortisation of property management contracts.

Trade and bills receivables

As at 30 June 2020, trade and bills receivables amounted to approximately RMB775.4 million, representing an increase of approximately RMB384.0 million as compared to approximately RMB391.4 million as at 31 December 2019, which was primarily due to an increase in trade receivables in line with the continuous expansion of the Group's business scale, as well as cyclical fluctuations caused by certain property owners' preference for paying their property management fees before year-end.

Trade payables

As at 30 June 2020, trade payables amounted to approximately RMB427.1 million, representing an increase of approximately 68.5% as compared to approximately RMB253.4 million as at 31 December 2019, which was primarily due to the expansion of the Group's GFA under management and the increase in the scale of subcontracting of services to independent third-party service providers.

Borrowings

As at 30 June 2020, the Group had no borrowings or bank loans.

PLEDGE OF ASSETS

As at 30 June 2020, the Group had no pledge of assets.

MAJOR INVESTMENT, ACQUISITION AND DISPOSAL

The Group had no major investment, acquisition and disposal during the Period.

PROCEEDS FROM THE LISTING

The H shares of the Company (the "**H Shares**") were successfully listed on the Stock Exchange on 19 December 2019 (the "**Listing Date**") with 133,333,400 new H Shares issued and, upon the exercise of the over-allotment option in full, 153,333,400 H Shares were issued in aggregate. Net proceeds from the listing amounted to approximately HK$5,218.2 million after deducting the underwriting fees and relevant expenses. As of 30 June 2020, the Group has used approximately HK$5.6 million of the proceeds. Such used proceeds were allocated and used in accordance with the use of proceeds as set out in the prospectus of the Company dated 9 December 2019 (the "**Prospectus**"). The unutilised net proceeds are approximately HK$5,212.6 million, which will be allocated and used in accordance with the purposes and proportions as set out in the Prospectus. Details of the specific use are as follows:

Plan for the net proceeds in the Prospectus			Proceeds actually utilised as of 30 June 2020	Proceeds unutilised as of 30 June 2020	
Category	**Percentage**	**Net amount**	**Net amount**	**Balance**	**Expected timetable for the usage**
		HK$ in millions	*HK$ in millions*	*HK$ in millions*	
Pursuit of selective strategic investment and acquisition opportunities and further development of strategic alliances and expansion of the scale of the Group's property management business	57.0%	2,974.4	4.7	2,969.7	On or before 31 December 2022
Including: investment matters such as joint investment and cooperation in respect of public services property management	7.4%	386.1	4.7	381.4	On or before 31 December 2022
Further development of the Group's value-added services	15%	782.7	0.0	782.7	On or before 31 December 2022
Upgrade of the Group's systems for digitisation and smart management	18%	939.3	0.0	939.3	On or before 31 December 2022
Working capital and general purpose	10%	521.8	0.9	520.9	N/A
Total	100%	5,218.2	5.6	5,212.6	

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any significant contingent liabilities.

EXCHANGE RATE RISK

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

SUBSEQUENT EVENTS

The Company's Chinese full name has been changed from "保利物業發展股份有限公司" to "保利物業服務股份有限公司" and its English full name has been changed from "POLY PROPERTY DEVELOPMENT CO., LTD." to "POLY PROPERTY SERVICES CO., LTD.". Its English stock short name has been changed from "POLY PPT DEV" to "POLY PPT SER" with effect from 9:00 a.m. on 30 July 2020, while its Chinese stock short name "保利物業" and stock code "06049" remain unchanged. For further details, please refer to the announcement of the Company dated 23 July 2020.

Save as disclosed above, the Group does not have any other subsequent events after 30 June 2020 until the date of this announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2020, the Group had 40,026 employees (as at 30 June 2019: 35,190 employees). For the six months ended 30 June 2020, the total staff costs were approximately RMB1,617.2 million.

The Group has established a market-based, competitive and performance-oriented remuneration plan with reference to market standards and employee performance and contributions in order to encourage value creation of employees. In addition, the Group provides employees with employee benefits including pension funds, medical insurance, work injury insurance, maternity insurance, unemployment insurance and housing provident fund.

EMPLOYEE TRAINING AND DEVELOPMENT

The Group places a strong emphasis on recruiting high-quality personnel and provides employees with continuous training programmes and career development opportunities. In response to the recruitment under the pandemic, the Group made advance arrangements and took the lead in launching the national spring recruitment. Through the "Galaxy Talent Programme" and four recruitment campaigns, i.e. "Green Channel", "Commander Programme", "Companion Programme", and "Heartwarming Journey", the Group recruited for various professional management positions and project management positions across the country. The Group actively responded to the job stabilisation policy, and innovated the form of school recruitment by launching the recruitment live broadcast activities including CCTV Video APP's "National Recruitment Action" and GMW.cn's "2020 Guangming Live Broadcast for Enterprises' School Recruitment", to provide more jobs for the society and more development opportunities for young people. The Group launched the "Starlight Public Service Professional Talents Plan" to create special training for core development, forge "special forces" for the development of public services, and provide strong talent support for the Group.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020.

REVIEW OF ACCOUNTS

The audit committee of the Company (the "**Audit Committee**") was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. The Audit Committee is authorised by the Board and is responsible for reviewing and monitoring the financial reporting, risk management and internal control systems of the Company, and assisting the Board to fulfill its responsibility over the audit of the Group.

The Audit Committee comprises Mr. Huang Hai and Mr. Hu Zaixin as non-executive Directors and Ms. Tan Yan, Mr. Wang Xiaojun and Mr. Wang Peng as independent non-executive Directors. Ms. Tan Yan is the chairlady of the Audit Committee.

The Audit Committee has reviewed the condensed consolidated financial statements and interim results of the Group for the six months ended 30 June 2020, and discussed with the management of the Group regarding the accounting principles and practices adopted by the Group, and the internal control and financial reporting matters.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the "**Corporate Governance Code**") as its own code of corporate governance. The Company has complied with all the applicable code provisions of the Corporate Governance Code during the six months ended 30 June 2020.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding dealing of securities transactions by the Directors and supervisors of the Company. Having made specific enquiries of all Directors and supervisors of the Company, each of them has confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2020.

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

The Company exercised the over-allotment option in full on 10 January 2020, and issued a total of 20,000,000 new H Shares of par value of RMB1.0 each at HK$35.10 per share on 17 January 2020. After the issue of the new H Shares, the total number of the shares of the Company was 553,333,400, comprising 400,000,000 domestic shares and 153,333,400 H Shares.

Save as disclosed above, during the six months ended 30 June 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF ANNOUNCEMENT OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the HKEXnews website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.polywuye.com, respectively. The interim report of the Company for the six months ended 30 June 2020 containing all the information required under the Listing Rules will be despatched to the shareholders and made available on the above websites in due course.

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

Guangzhou, China, 24 August 2020

As at the date of this announcement, the non-executive Directors of the Company are Mr. Huang Hai and Mr. Hu Zaixin; the executive Directors are Mr. Li Jiahe and Ms. Wu Lanyu; and the independent non-executive Directors are Mr. Wang Xiaojun, Ms. Tan Yan and Mr. Wang Peng.

* *For identification purposes only*