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 2021

FINANCIAL SUMMARY

	Six months ended 30 June		
	2021	2020	Change
	RMB million	*RMB million*	
	(Unaudited)	(Unaudited)	
Revenue	**5,153.1**	3,600.9	Increase 43.1%
Gross profit	**1,031.5**	734.0	Increase 40.5%
Gross profit margin	**20.0%**	20.4%	Decrease 0.4 percentage points
Profit for the Period	**505.1**	410.7	Increase 23.0%
Net profit margin	**9.8%**	11.4%	Decrease 1.6 percentage points
Profit for the Period attributable to owners of the Company	**490.8**	399.6	Increase 22.8%
Basic earnings per share *(RMB)*	**0.89**	0.72	Increase 23.6%
Cash and cash equivalents	**7,124.0**	7,245.4	Decrease 1.7%

- For the six months ended 30 June 2021 (the "**Period**"), Poly Property Services Co., Ltd. (the "**Company**" or "**Poly Property**", and together with its subsidiaries, the "**Group**" or "**we**") recorded approximately RMB5,153.1 million of revenue, representing an increase of approximately 43.1% as compared to the corresponding period of 2020. For the six months ended 30 June 2021, revenue contribution by the Group's three major business lines is as follows: (i) revenue from property management services increased by approximately 37.5% to approximately RMB3,143.4 million as compared to the corresponding period of 2020; (ii) revenue from value-added services to non-property owners increased by approximately 45.7% to approximately RMB806.8 million as compared to the corresponding period of 2020; and (iii) revenue from community value-added services increased by approximately 58.0% to approximately RMB1,202.9 million as compared to the corresponding period of 2020.

- For the six months ended 30 June 2021, the Group recorded (i) approximately RMB1,031.5 million of gross profit, representing an increase of approximately 40.5% as compared to the corresponding period of 2020 with a gross profit margin of approximately 20.0%, representing a decrease of approximately 0.4 percentage points as compared to the corresponding period of 2020; (ii) approximately RMB505.1 million of profit for the Period, representing an increase of approximately 23.0% as compared to the corresponding period of 2020 with a net profit margin of approximately 9.8%, representing a decrease of approximately 1.6 percentage points as compared to the corresponding period of 2020; (iii) approximately RMB490.8 million of profit for the Period attributable to owners of the Company, representing an increase of approximately 22.8% as compared to the corresponding period of 2020; and (iv) approximately RMB0.89 of basic earnings per share.

- As at 30 June 2021, the cash and cash equivalents of the Group amounted to approximately RMB7,124.0 million, representing a decrease of approximately RMB121.4 million or approximately 1.7% as compared to that of 30 June 2020.

RESULTS

The Board hereby announces the unaudited consolidated results of the Group for the six months ended 30 June 2021, together with comparative figures for the corresponding period of 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2021	2020
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*6*	**5,153,133**	3,600,919
Cost of services		**(4,121,660)**	(2,866,966)
Gross profit		**1,031,473**	733,953
Other income and other net gain/(loss)	*7*	**86,966**	122,935
Selling and marketing expenses		**(3,678)**	(1,563)
Administrative expenses		**(438,228)**	(307,494)
Share of associates'/joint ventures' results		**8,587**	9,018
Finance cost		**(5,325)**	(399)
Other expense		**(718)**	(415)
Profit before income tax expense	*8*	**679,077**	556,035
Income tax expense	*9*	**(174,025)**	(145,329)
Profit for the Period		**505,052**	410,706
Profits for the Period attributable to:			
– Owners of the Company		**490,827**	399,588
– Non-controlling interests		**14,225**	11,118

	Notes	Six months ended 30 June **2021** ***RMB'000*** **(Unaudited)**	2020 *RMB'000* (Unaudited)
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		**5,000**	(6,000)
Profits and total comprehensive income for the Period		**510,052**	404,706
Profits and total comprehensive income for the Period attributable to:			
– Owners of the Company		**495,827**	393,588
– Non-controlling interests		**14,225**	11,118
Profits and total comprehensive income for the Period		**510,052**	404,706
Earnings per share (expressed in RMB per share)			
– Basic and diluted earnings per share	*11*	**0.89**	0.72

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30 June 2021** ***RMB'000*** **(Unaudited)**	As at 31 December 2020 *RMB'000* (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Interests in associates/joint ventures		**56,227**	43,720
Property, plant and equipment		**168,021**	161,770
Leased assets and investment properties		**849,346**	180,403
Financial assets at fair value through other comprehensive income		**10,000**	5,000
Intangible assets	*12*	**130,631**	136,137
Prepayments for property, plant and equipment		**8,969**	5,196
Deferred tax assets		**16,398**	13,303
		1,239,592	545,529
Current assets			
Inventories		**43,998**	50,636
Trade and bills receivables	*13*	**1,298,603**	888,057
Prepayments, deposits and other receivables		**659,961**	511,858
Deposits and bank balances		**7,123,998**	7,448,102
		9,126,560	8,898,653
Current liabilities			
Trade payables	*14*	**574,709**	397,096
Accruals and other payables		**1,705,987**	1,246,828
Lease liabilities		**43,426**	211,476
Contract liabilities		**1,265,075**	1,181,881
Income tax payable		**161,327**	92,478
		3,750,524	3,129,759
Net current assets		**5,376,036**	5,768,894
Total assets less current liabilities		**6,615,628**	6,314,423

	Notes	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Non-current liabilities			
Other financial liabilities		**19,241**	22,716
Lease liabilities		**60,582**	26,645
Deferred tax liabilities		**16,907**	18,283
		96,730	67,644
Net assets		**6,518,898**	6,246,779
EQUITY			
Capital and reserves attributable to owners of the Company			
Capital	*15*	**553,333**	553,333
Reserves		**5,875,467**	5,617,573
Equity attributable to owners of the Company		**6,428,800**	6,170,906
Non-controlling interests		**90,098**	75,873
Total equity		**6,518,898**	6,246,779

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 services, 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 23 August 2021.

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 2020 annual consolidated financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 June 2020. The Group has not early adopted any new and revised Hong Kong Financial Reporting Standards (the "**HKFRSs**") that have 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 2020 annual consolidated 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 the HKFRSs and should be read in conjunction with the 2020 annual consolidated financial statements.

These interim condensed consolidated financial statements are unaudited, but have 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 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	Covid-19 – Related Rent Concessions

The new or amended HKFRSs that are effective from 1 June 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 2020 annual consolidated financial statements.

5 SEGMENT INFORMATION

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

Information about major customer

For the six months ended 30 June 2021 and 2020, revenue from a Shareholder – Poly Developments and Holdings and its subsidiaries ("**Poly Developments and Holdings Group**") contributed 12.6% and 13.7% of the Group's revenue respectively. Other than the Poly Developments and Holdings Group, the Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the six months ended 30 June 2021 and 2020.

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 chief operating decision-maker of the Company regards that there is only one segment which is used to make strategic decisions.

Information about geographical areas

The major operating entity of the Group is domiciled in the PRC. Accordingly, all of the Group's revenue was derived in the PRC during the six months ended 30 June 2021 and 2020.

As at 30 June 2021 and 31 December 2020, 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 2021 and 2020 was as follows:

	Revenue from customers and recognised	**Six months ended 30 June**	
		2021	2020
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Property management services	over time	**3,143,446**	2,285,930
Value-added services to non-property owners			
– Pre-delivery services and other value-added services to non-property owners	over time	**693,741**	553,923
– Rental income	over the lease term	**113,084**	–
Community value-added services			
– Other community value-added services	over time	**727,960**	451,289
– Sales of goods	at a point in time	**474,902**	309,777
		5,153,133	3,600,919

For property management services, the performance obligation is satisfied upon services provided and for property management services provided to the public services projects, a credit term of no more than 90 days is granted to the customers in general. For value-added services to non-property owners, the performance obligation is satisfied upon services provided. For community value-added services, the performance obligation is satisfied upon services provided and the service income is due for payment by the residents upon issuance of demand note.

(a) Unsatisfied performance obligations

For property management services and value-added services to non-property owners, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these types 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 obligations at the end of respective periods.

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

During the six months ended 30 June 2021 and 2020, there were 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 2021	As at 31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Contract liabilities	**1,265,075**	1,181,881

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. RMB770,582,000 of the contract liabilities as of 1 January 2021 has been recognised as revenue for the six months ended 30 June 2021.

7 OTHER INCOME AND OTHER NET GAIN/(LOSS)

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income:		
Bank interest income	**48,564**	47,938
Other interest income *(Note a)*	**12,632**	10,043
Government grants and tax incentives *(Note b)*	**33,260**	30,210
Penalty income	**615**	596
Others	**499**	393
	95,570	89,180
Other net gain/(loss):		
Loss on disposal of property, plant and equipment	**(6)**	(89)
Gain on modification of lease contracts	**9,724**	–
Impairment loss on trade receivables	**(10,892)**	(14,833)
Impairment loss on other receivables	**(3,405)**	(2,554)
Exchange (loss)/gain, net	**(3,448)**	51,231
Change in fair value of financial liabilities at fair value through profit and loss ("**FVTPL**")	**(577)**	–
	86,966	122,935

Notes:

(a) Other interest income during the six months ended 30 June 2021 and 2020 mainly represented the interest received from the amount due from Poly Developments and Holdings Group and from the amount due from a related party, which is unsecured, interest-bearing and repayable on demand. Interest was also received from the deposit maintained with a fellow subsidiary, Poly Finance Company Limited, which is unsecured, interest-bearing and repayable on demand or with a 7-day notice.

(b) Government grants mainly represented the financial support received from the local government as an incentive for business development and there are no unfulfilled conditions attached to the government grants. Tax incentives mainly included additional deduction of input value-added tax applicable to the Company and its certain subsidiaries.

8 PROFIT BEFORE INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Auditor's remuneration	**450**	400
Depreciation of property, plant and equipment	**35,320**	19,650
Depreciation of leased assets and investment properties	**94,617**	290
Amortisation of intangible assets	**5,506**	3,556
Impairment loss on trade receivables	**10,892**	14,833
Impairment loss on other receivables	**3,405**	2,554
Short-term leases expenses	**38,825**	31,214
Finance cost – interest on lease liabilities	**5,325**	399
Staff costs (including directors' emoluments):		
Salaries and bonus	**1,812,986**	1,485,218
Pension costs, housing funds, medical insurances and other social insurances	**274,693**	131,968
	2,087,679	1,617,186

9 INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax		
Tax for the current period and prior year	**178,496**	150,565
Deferred tax		
Credited to profit or loss for the period	**(4,471)**	(5,236)
	174,025	145,329

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 2021 and 2020. The current tax during the period ended 30 June 2021 included the over-provision of RMB316,000 (During the period ended 30 June 2020: under-provision of RMB488,000) in prior year.

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 period, 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 in PRC are either located in the cities of Western China or qualified as small and micro enterprise, and are subjected to a preferential income tax rate of 15% or 5% in certain periods.

10 DIVIDENDS

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

During the six months ended 30 June 2021, dividend of RMB237,933,362 (tax inclusive) in respect of 2020 was declared and taxes have been withheld and paid for certain shareholders in accordance with relevant rules, while the remaining amount has been paid in July 2021.

No interim dividend was declared for the six months ended 30 June 2021 and the six months ended 30 June 2020.

11 EARNINGS PER SHARE

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profits		
Profit attributable to owners of the Company	**490,827**	399,588

	Six months ended 30 June	
	2021	2020
	Number'000	*Number'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares *(Note)*	**553,333**	551,575
Basic and diluted earnings per share (RMB)	**0.89**	0.72

Note: Weighted average of 551,575,000 ordinary shares for the six months ended 30 June 2020 also 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.

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 2021 and 2020.

12 INTANGIBLE ASSETS

	Property management contracts *RMB'000*	Goodwill *RMB'000*	Total *RMB'000*
COST			
1 January 2020 (Audited)	58,000	47,033	105,033
Acquired through acquisition of a subsidiary	30,000	17,864	47,864
At 31 December 2020 (Audited), 1 January 2021 (Audited) and 30 June 2021 (Unaudited)	88,000	64,897	152,897
ACCUMULATED AMORTISATION			
1 January 2020 (Audited)	9,324	–	9,324
Amortisation	7,436	–	7,436
At 31 December 2020 (Audited) and 1 January 2021 (Audited)	16,760	–	16,760
Amortisation	5,506	–	5,506
At 30 June 2021 (Unaudited)	22,266	–	22,266
NET BOOK VALUE			
At 30 June 2021 (Unaudited)	65,734	64,897	130,631
At 31 December 2020 (Audited)	71,240	64,897	136,137

13 TRADE AND BILLS RECEIVABLES

	As at 30 June 2021 *RMB'000* (Unaudited)	As at 31 December 2020 *RMB'000* (Audited)
Related parties	**307,890**	349,826
Third parties	**1,037,278**	570,583
Total	**1,345,168**	920,409
Less: allowance for impairment of trade receivables	**(47,550)**	(36,658)
	1,297,618	883,751
Bills receivables	**985**	4,306
	1,298,603	888,057

As at 30 June 2021 and 31 December 2020, 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 30 June 2021 and 31 December 2020 is within 1 month. As at 30 June 2021 and 31 December 2020, bills receivable is due from Poly Developments and Holdings Group.

As at 30 June 2021 and 31 December 2020, the ageing analysis of the trade receivables based on invoice date was as follows:

	As at 30 June 2021 *RMB'000* (Unaudited)	As at 31 December 2020 *RMB'000* (Audited)
Within 1 year	**1,225,420**	850,989
1 to 2 years	**93,808**	51,630
Over 2 years	**25,940**	17,790
	1,345,168	920,409

14 TRADE PAYABLES

	As at 30 June 2021 ***RMB'000*** **(Unaudited)**	As at 31 December 2020 *RMB'000* (Audited)
Related parties *(Note)*	**33,048**	2,128
Third parties	**541,661**	394,968
	574,709	397,096

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 2021 ***RMB'000*** **(Unaudited)**	As at 31 December 2020 *RMB'000* (Audited)
Within 1 year	**563,520**	368,356
1 to 2 years	**10,195**	24,408
Over 2 years	**994**	4,332
	574,709	397,096

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 2020 (Audited)		400,000	400,000	133,333	133,333	533,333	533,333
Issue of H shares upon over-allotment	*(a)*	–	–	20,000	20,000	20,000	20,000
At 31 December 2020 (Audited), 1 January 2021 (Audited) and 30 June 2021 (Unaudited)		400,000	400,000	153,333	153,333	553,333	553,333

Notes:

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading comprehensive property management service provider in China with extensive property management scale and state-owned background. According to the ranking of 2021 Top100 Property Management Companies in China by the China Index Academy, the Group ranked fifth among the Top100 Property Management Companies in China and first in terms of management scale among the property management companies with state-owned background. With high-quality services and brand strength, the Group has earned a sound reputation in the industry. Our brand was valued at approximately RMB13.526 billion in 2021. The Group has actively pushed forward the "Comprehensive Property" strategic layouts and its management business portfolio covers residential communities, commercial and office buildings, and public and other properties. As at 30 June 2021, the Group has entered 193 cities in 29 provinces, autonomous regions and municipalities across the country, and recorded a gross floor area ("**GFA**") under management of approximately 428.2 million sq.m. with a total of 1,576 projects under management, and a contracted GFA of approximately 622.0 million sq.m. with a total of 2,178 contracted projects.

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

Property management services – representing approximately 61.0% of the total revenue

For the six months ended 30 June 2021, the Group's revenue from property management services amounted to approximately RMB3,143.4 million, representing an increase of approximately 37.5% as compared to the corresponding period of 2020, 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 Group adheres to the strategic orientation of Comprehensive Property of multi-businesses and multi-scenarios, and promotes continuous expansion of its business scale through multiple channels such as controlling shareholders, market expansion, joint ventures and cooperation as well as mergers and acquisitions.

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

	As at 30 June					
	2021			2020		
Source of projects	**Contracted GFA** *'000 sq.m.*	**Percentage of contracted GFA** *%*	**Number of contracted projects**	Contracted GFA *'000 sq.m.*	Percentage of contracted GFA *%*	Number of contracted projects
Poly Developments and Holdings Group *(Note 1)*	**255,261**	**41.0**	**1,109**	218,935	44.4	919
Third parties *(Note 2)*	**366,736**	**59.0**	**1,069**	274,498	55.6	728
Total	**621,997**	**100.0**	**2,178**	493,433	100.0	1,647

Note 1: The related figures of "Poly Developments and Holdings Group" set out in the section headed "Management Discussion and Analysis" in this announcement include properties developed, solely or jointly with other parties, by Poly Developments and Holdings Group Co., Ltd ("**Poly Developments and Holdings**") and its subsidiaries, joint ventures and associates.

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

As one of the leaders in the real estate industry in China, the steady development and support of Poly Developments and Holdings Group, our controlling shareholder, brought along continuous and high-quality business growth for the Group. As at 30 June 2021, the contracted GFA from Poly Development and Holdings Group reached approximately 255.3 million sq.m., representing an increase of approximately 15.1 million sq.m. as compared to the contracted GFA as at 31 December 2020.

In the increasingly competitive market environment, the Group adheres to the strategy of intensive cultivation in core cities and core business types. Leveraging on our excellent service quality and brand influence, the Group continues to enhance its efforts in market development. During the Period, the single-year contract value of projects from third parties newly signed by the Group amounted to approximately RMB902.4 million (excluding renewed and withdrawn projects). Of which, large-scale projects with single-year contract value of over RMB10 million accounted for nearly 42.9% and the single-year contract value from non-residential businesses accounted for over 70%, showing rapid implementation of the Comprehensive Property strategy. As at 30 June 2021, the number of contracted projects from third parties newly signed by the Group was 1,069, representing a net increase of 148 as compared to that of the end of 2020. The Group also maintained good momentum in the expansion of residential projects from third parties, with the contracted GFA of residential projects from third parties increasing by approximately 6.8 million sq.m. to approximately 94.4 million sq.m., as compared to that of the end of 2020.

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

	Six months ended 30 June or as at 30 June									
	2021					2020				
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)*	**2,096,124**	**66.7**	**163,318**	**38.1**	**811**	1,734,353	75.9	136,909	43.2	657
Third parties *(Note)*	**1,047,322**	**33.3**	**264,921**	**61.9**	**765**	551,577	24.1	179,927	56.8	485
Total	**3,143,446**	**100.0**	**428,239**	**100.0**	**1,576**	2,285,930	100.0	316,836	100.0	1,142

Note: See note 1 and note 2 on page 18.

Continuous improvement in marketisation ability provides strong momentum for the steady growth of the scale of property management of the Group. For the six months ended 30 June 2021, revenue from property management services to third parties amounted to approximately RMB1,047.3 million, representing a significant increase of approximately 89.9% as compared to the corresponding period of 2020 and accounting for approximately 33.3% of the total revenue from property management services, representing a year-on-year increase of approximately 9.2 percentage points.

On the basis of steady growth in the scale of residential management and leveraging on the extensive service experience and brand influence in non-residential businesses, the Group accelerated the expansion of businesses of commercial and office buildings as well as public and other properties, especially in towns and scenic areas, hence, the structure of property management business was further optimised and the Comprehensive Property ecosystem was accelerated to take shape. As at 30 June 2021, the GFA under management of non-residential businesses increased to approximately 246.3 million sq.m., accounting for approximately 57.5% of the total GFA under management. During the Period, we recorded revenue of property management services from non-residential properties of approximately RMB1,121.5 million, representing an increase of 71.2% as compared to the corresponding period of 2020. The proportion of such revenue to the overall revenue of property management services increased by approximately 7.0 percentage points year-on-year to approximately 35.7%.

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:

Source of projects	Six months ended 30 June or as at 30 June									
	2021					2020				
	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	**2,021,988**	**64.3**	**181,924**	**42.5**	**910**	1,630,962	71.3	149,820	47.3	724
Non-residential properties	**1,121,458**	**35.7**	**246,315**	**57.5**	**666**	654,968	28.7	167,015	52.7	418
– Commercial and office buildings	**462,304**	**14.7**	**13,091**	**3.1**	**193**	308,377	13.5	8,584	2.7	110
– Public and other properties	**659,154**	**21.0**	**233,224**	**54.4**	**473**	346,591	15.2	158,431	50.0	308
Total	**3,143,446**	**100.0**	**428,239**	**100.0**	**1,576**	2,285,930	100.0	316,835	100.0	1,142

The Group adheres to the principle of quality, and further improved the service standards and quality control system for the overall business during the Period, so as to strengthen the establishment of product and brand competitiveness of property service. At the same time, we established the management control system and cost standard system for overall business and full-life-cycle, and strengthened staff empowerment through information tools and training systems, so as to promote the smallest unit of the project to achieve improvements in quality, efficiency and effectiveness.

For residential communities, the Group has established two major property service brands of "Harmony Courtyard" and "Oriental Courtesy" as its dedicated effort to offer premium living experience to property owners through refined management, standardised services and scenario-base experience. During the Period, with the implementation of the ultimate standardised system in our residential communities, the Group further upgraded the creation of scenario-based services in communities to further optimise living experience. The Group also continued to improve the professional capabilities of key personnel projects, including engineering, housekeeping, security and project managers through special trainings, and continued to optimise the basic service system to increase efficiency for frontline employees through workflow optimisation and one-click reminders. As at 30 June 2021, the GFA under management in the Group's residential communities was approximately 181.9 million sq.m., accounting for approximately 42.5% of the total GFA under management. For the six months ended 30 June 2021, revenue from property management services for residential communities amounted to approximately RMB2,022.0 million, representing an increase of approximately 24.0% as compared to the corresponding period of 2020 and accounting for approximately 64.3% 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 comprising property management, asset management and corporate services around the service concept of "Scenario Operation" while taking into account the demand for commercial and office buildings from enterprises in the PRC, all for the aim of developing a leading brand for commercial and office services with state-owned background. During the Period, the Group successfully implemented the standardised service system of "Nebula Ecology" in various benchmark projects, so as to promote market expansion through benchmarking effect. The newly signed contracts included quality commercial projects, such as the National Public Complaints and Proposals Administration, Guangzhou Enterprises Mergers and Acquisitions Services, China Life Anhui Financial Centre and Nanhai International Convention and Exhibition Centre in Foshan, meaning that our marketisation progress was further accelerated. As at 30 June 2021, the GFA under management of commercial and office buildings of the Group was approximately 13.1 million sq.m. For the six months ended 30 June 2021, revenue from property management services for commercial and office buildings amounted to approximately RMB462.3 million, representing an increase of approximately 49.9% as compared to the corresponding period of 2020.

For public and other properties, the Group has established the property service brand of "Towns Revitalisation" and formed the 5G product system with gridded governance, integrated municipal services, reconstruction and operation of old communities, smart towns and business empowerment as the core. By cultivating diversified business types in cities and town-wide services, we assisted the improvement in basic governance. As a pioneer in the public services sector, the Group has established a nationwide presence with leading advantages in diverse business portfolios covering higher education and teaching and research properties, towns and scenic areas, railways and transportation properties, hospitals, government offices, urban public facilities, and etc.

During the Period, the Group continued to maintain a rapid expansion trend in the public services sector, continued to intensively cultivate three core business types, namely higher education and teaching and research properties, railways and transportation properties and towns and scenic areas, and achieved breakthroughs in many landmark projects in the hospital businesses. For the six months ended 30 June 2021, the single-year contract value of public and other property projects newly contracted by the Group reached approximately RMB490 million, of which three core business types accounted for over 50.0%. The key projects included, among others, the town-wide services in Heshan District of Hebi City in Henan Province, Bijia Mountain Park in Shenzhen City, Southwest University of Political Science & Law, Shanghai Metro Line 15, Beijing Hospital and the Affiliated Hospital of Chengdu University.

The Group also continued to explore the industry of integrated environmental sanitation services and actively expanded the effective service touchpoints across town areas. During the Period, the Group successfully signed contracts for and have undertaken environmental sanitation projects in Nansha District of Guangzhou City and Hecun Town of Jiangshan City.

As at 30 June 2021, the number of projects under management for public and other properties was 473, representing an increase of 80 as compared with that of the end of 2020. For the six months ended 30 June 2021, the revenue of the Group from public and other properties was approximately RMB659.2 million, representing an increase of 90.2% as compared with the corresponding period of 2020 and accounted for approximately 21.0% of the total revenue from property management services, representing an increase of approximately 5.8 percentage points in its percentage of revenue as compared with the corresponding period of 2020.

Steady increase in the average property management fee per unit

Benefiting from higher pricing standards for new projects and price increase for certain projects under management, the average property management fee per unit of the Group increased steadily.

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

	Six months ended 30 June		
	2021	2020	Changes
	(RMB/sq. m./month)		*(RMB)*
Residential communities	**2.23**	2.22	0.01
– Poly Developments and Holdings Group	**2.31**	2.30	0.01
– Third parties	**1.80**	1.70	0.10
Commercial and office buildings	**7.66**	7.94	(0.28)
– Poly Developments and Holdings Group	**8.89**	8.95	(0.06)
– Third parties	**6.34**	5.90	0.44

Value-added services to non-property owners – representing approximately 15.7% of the total revenue

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

Service Type	Six months ended 30 June 2021		2020	
	RMB'000	***Percentage of revenue* %**	*RMB'000*	*Percentage of revenue* %
Pre-delivery services	**552,607**	**68.5**	443,752	80.1
Other value-added services to non-property owners	**254,218**	**31.5**	110,171	19.9
Total	**806,825**	**100.0**	553,923	100.0

The Group's revenue from value-added services to non-property owners for the six months ended 30 June 2021 was approximately RMB806.8 million, representing an increase of approximately 45.7% as compared to the corresponding period of 2020, which was mainly due to (i) the continuous increase in the number of projects provided with pre-delivery services by the Group; and (ii) the rapid business growth of other value-added services to non-property owners of the Group.

Community value-added services – representing approximately 23.3% of the total revenue

For the six months ended 30 June 2021, the Group's revenue from community value-added services amounted to approximately RMB1,202.9 million, representing a rapid growth of approximately 58.0% compared to the corresponding period in 2020. This was mainly attributable to (i) the stabilisation of the overall pandemic situation during the Period, and the effects to the household value-added services like community media, community space management and housekeeping services were lessened; (ii) the expansion of the Group's management scale and the increase in service users, coupled with the customer loyalty brought by our quality basic services, provided us with sound business foundation for the development of community value-added services; and (iii) the continuous incubation of the four vertical industries, namely move-in and furnishing services, community retail, community media and housekeeping services, resulting in continuous improvement of service capabilities.

During the Period, by optimising the business model and supply chain resources, strengthening the centralised procurement of products and services and enhancing the construction of operating systems, the professional service capabilities of the four major industries have been further enhanced. In the field of community retail, the Group established an online platform named "Heyuan Youpin" (和院優品) to accelerate the integration of the supply chain, and relied on hot item and highly popular product strategy and competence in diversified channels, so as to achieve rapid growth in the scale of retail sector. In the field of community media, the Group has greatly increased the value of community resources and utilisation efficiency through centralised procurement services as well as innovative and integrated marketing services. In the field of move-in and furnishing services, the Group has developed our turnkey furnishing and move-in business, continued to improve and optimise our supply chain resources and accelerated the promotion of headquarters' centralised procurement, which formed a professional and efficient operation model in a faster pace. In the field of the housekeeping service, the Group further improved the supply chain of cleaning, maintenance and postpartum doulas to increase the service coverage in communities and promoted the reach and conversion of customers and increased customer loyalty through themed events like "Washing Festival" (惠洗節) and "Brand New Festival" (煥新節).

Move-in and furnishing services: realising approximately RMB239.0 million in revenue, accounting for approximately 19.9% of the total revenue from community value-added services

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

Community retail: realising approximately RMB294.5 million in revenue, accounting for approximately 24.5% of the total revenue from community value-added services

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

Parking lot management services: realising approximately RMB145.7 million in revenue, accounting for approximately 12.1% of the total revenue from community value-added services

Parking lot management services aim at providing operation solutions targeting order management and control, operation and development and toll management with reference to a thorough combination of distinctive factors in relation to the carparks, including facilities, geographical location, distribution of carpark spaces and customer demands. Smart parking system and smart equipment have been actively utilised to reduce costs and enhance efficiency.

Community media: realising approximately RMB123.0 million in revenue, accounting for approximately 10.2% of the total revenue from community value-added services

Community media services strive to explore the value of community spaces and develop a multi-dimensional value chain of media operation. We have profoundly developed the resources of our projects under management and increased the coverage of our community media spots with a special focus on core areas such as elevators and carparks to actively integrate the resources of media partners, to provide quality and efficient community-integrated marketing services to the brand merchant.

Community space management: realising approximately RMB88.3 million in revenue, accounting for approximately 7.3% of the total revenue from community value-added services

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

Community convenience and other services: realising approximately RMB312.4 million in revenue, accounting for approximately 26.0% of the total revenue from community value-added services

We provided diversified convenience and living services according to the needs of property owners, including home cleaning, housekeeping and maintenance, home-based nursing, babysitting and postpartum doulas, theme-based education and realtor services as well as property-specific services such as garbage disposals and removals.

Future Development

Recently, a series of industry-specific policies have been introduced, namely the Notice on Strengthening and Improving the Residential Property Management (《關於加強和改進住宅物業管理工作的通知》), the Opinion on the Promotion of the Construction of One-Quarter-of-Hour Social Circle (《關於推進城市一刻鐘便民生活圈建設的意見》) and the Notice on the Continuous Improvement and Regulation on the Order of Real Estate Market (《關於持續整治規範房地產市場秩序的通知》), so as to actively guide the healthy and sustainable development of the industry. On the one hand, it highlights the core positioning to integrate the property management industry into basic social governance, further enhances the standardisation and transparency of industry operations, continues to strengthen the level of property management services, and strengthens the supervision and management of property services. On the other hand, it encourages property service enterprises to actively extend the boundary of industrial services through online and offline service integration, create a community diversified life service system, meet diversified and multi-layer living needs, and provide opportunities for the development of diversified businesses in the industry.

Under the guidance of policies, we believe that the development of the property management industry will further highlight the pattern of long-termism, focus on the origin of property service value, and accelerate the process of standardisation, quality-orientation and marketisation. As a pioneer in the property management of state-owned enterprises, Poly Property will maintain a high degree of strategic determination, adhere to the original intention to serve, actively build diversified service capabilities, and create a Comprehensive Property service ecological platform.

Consolidate our presence in core regions and core business types to achieve quality and rapid expansion of marketisation scale

On the basis of the existing national layout of diversified business types, we will deeply focus on core regions and business types with large market capacities and excellent customer resources in the next stage. By increasing project density, integrating strategic resources, enriching business categories and highlighting regional characteristics, we will further improve our market competitiveness and build up our regional scaling effect through various channels, so as to maintain our leading advantages under Comprehensive Property. At the same time, we will use a combination of various methods like joint ventures and cooperation and investments in equity interests to increase the integration of large-scale and high-quality resources in the region, promote the implementation of more cooperation projects in town-wide services and urban services, so as to actively build professional service capabilities for new industries and new business types.

Intensively cultivate core industries and create diversified, high-quality and professional value-added service capabilities

Leveraging our high-quality property management services, to link internal and external quality products and services with high cost-effectiveness as well as to serve and respond to the owners' needs for a better life have remained our original intention. We will strengthen customer research, adhere to customer demand orientation, improve product positioning and innovation of service models. At the same time, we will focus on the four major service types, namely move-in and furnishing services, retail, media and housekeeping services and further improve the strategic cooperation with quality suppliers, establish a three-dimensional marketing channel, construct high reachability customer channels and improve our overall systematic value-added service capabilities. As property services gradually become an important component in basic governance and refined management of cities, we will keep abreast of the national strategies practically, accelerate the deployment of businesses related to the industry chain of Comprehensive Property, enrich the business lines of urban services and build up our ability in implementation of high-quality services, in order to accelerate the development of the "soft infrastructure" capabilities of our urban services.

Enhance quality and increase efficiency and comprehensively improve our operation and management efficiency

We will treat the transformation of pan-market expansion and pan-operation organisational structure as opportunities and achieve professional and clustered operation in expansion and management, and comprehensively improve organisational flexibility and professionalism. We will accelerate the cultivation of talent teams, build a supply chain of key talents and actively improve personnel effectiveness through standardised personnel allocation and standardised business management. We will seize the opportunities coming along with the SASAC's "Double Hundred Enterprises" Pilot Project* (國資委「雙百企業」試點). In addition, we manage to improve our medium – and long-term incentive mechanisms and improve the incentive and evaluation mechanism in place for all levels of employees, so as to enhance internal vitality of our corporate development.

We will continue to conduct research on the smallest service scenarios, so as to continue to iterate on the service standards of the overall business and maintain our service quality at the leading level and achieved continuous improvement in customers' satisfaction and brand reputation. Through continuous improvement of the full-cycle operation system and creation of informatisation tools, real-time understanding of project operation dynamics and issuance of timely warning to correct deviations, so as to achieve synergy effects among project service, efficiency and quality.

Speed up our process of digitalisation and increase investments in informatisation and intelligentisation

We will comprehensively upgrade the information system, improve the level of quality standardisation, operational decision-making efficiency, digital decision-making capabilities and speed of management response, so as to continuously improve management precision and control efficiency. During the year, we will continue to promote the national implementation of the five-in-one internal control system to achieve comprehensive integration of business and financial data and lean management. We will continue to upgrade the basic service systems of residential, commercial and public services, and continuously improve our own multi-scenario service level. We will accelerate the realisation of smart community construction, improve smart parking management, and accumulate experience in smart community construction through more benchmark projects.

FINANCIAL REVIEW

Revenue

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

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

	Six months ended 30 June				
	2021		2020		
		Percentage of revenue		Percentage of revenue	Growth rate
	RMB'000	**%**	*RMB'000*	%	%
Property management services	**3,143,446**	**61.0**	2,285,930	63.5	37.5
Value-added services to non-property owners	**806,825**	**15.7**	553,923	15.4	45.7
Community value-added services	**1,202,862**	**23.3**	761,066	21.1	58.0
Total	**5,153,133**	**100.0**	3,600,919	100.0	43.1

For the six months ended 30 June 2021, total revenue of the Group amounted to approximately RMB5,153.1 million (six months ended 30 June 2020: approximately RMB3,600.9 million), representing an increase of approximately 43.1% as compared to the corresponding period of 2020. 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 RMB4,121.7 million (six months ended 30 June 2020: approximately RMB2,867.0 million), representing an increase of approximately 43.8% as compared to the corresponding period of 2020. 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; (ii) a relatively rapid growth of value-added services, including move-in and furnishing services and community retail, which resulted in an increase in the corresponding raw material costs; and (iii) commencement of the new office lease business, which resulted in a corresponding increase in the leasing 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					
	2021			2020		
	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	**516,998**	**50.1**	**16.4**	389,152	53.0	17.0
Value-added services to non-property owners	**149,320**	**14.5**	**18.5**	114,679	15.6	20.7
Community value-added services	**365,155**	**35.4**	**30.4**	230,122	31.4	30.2
Total	**1,031,473**	**100.0**	**20.0**	733,953	100.0	20.4

For the six months ended 30 June 2021, the Group's gross profit was approximately RMB1,031.5 million, representing an increase of approximately 40.5% as compared to approximately RMB734.0 million of the corresponding period of 2020. The Group's gross profit margin decreased from approximately 20.4% in the corresponding period of 2020 to approximately 20.0%.

For the six months ended 30 June 2021, the Group's gross profit margin for property management services was approximately 16.4% (six months ended 30 June 2020: approximately 17.0%), representing a decrease of approximately 0.6 percentage point as compared to the corresponding period of 2020, which was primarily due to the reduction of subsidies of social insurances and the increase in proportion of projects from third parties.

For the six months ended 30 June 2021, the gross profit margin for value-added services to non-property owners was approximately 18.5% (six months ended 30 June 2020: approximately 20.7%), representing a decrease of 2.2 percentage points as compared to the corresponding period of 2020, which was primarily due to the effect of the commencement of the new office leasing business.

For the six months ended 30 June 2021, the Group's gross profit margin for community value-added services was approximately 30.4% (six months ended 30 June 2020: approximately 30.2%), representing a slight increase.

Administrative expenses

For the six months ended 30 June 2021, the total administrative expenses of the Group were approximately RMB438.2 million, representing an increase of approximately 42.5% as compared to approximately RMB307.5 million for the six months ended 30 June 2020. Such increase was primarily due to an increase in employee wages and welfare and relevant expenses as compared to the corresponding period of 2020 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 2020: approximately 8.5%) of the total revenue, which was constant as compared to the corresponding period of 2020.

Other income and other net gain

For the six months ended 30 June 2021, other income and other net gain was approximately RMB87.0 million, representing a decrease of approximately 29.3% as compared to approximately RMB122.9 million for the six months ended 30 June 2020. Such decrease was primarily due to the net exchange loss recognised in respect of changes in foreign exchange rates.

Profit for the Period

For the six months ended 30 June 2021, the profit for the Period of the Group was approximately RMB505.1 million, representing an increase of approximately 23.0% as compared to approximately RMB410.7 million of the corresponding period of 2020. The profit for the Period attributable to owners of the Company was approximately RMB490.8 million, representing an increase of approximately 22.8% as compared to approximately RMB399.6 million of the corresponding period of 2020. The net profit margin was approximately 9.8%, representing a decrease of 1.6 percentage points as compared to the corresponding period of 2020.

Current assets, reserves and capital structure

For the six months ended 30 June 2021, the Group maintained a sound financial position. As at 30 June 2021, the current assets amounted to approximately RMB9,126.6 million, representing an increase of approximately 2.6% as compared to approximately RMB8,898.7 million as at 31 December 2020. Cash and cash equivalents of the Group as at 30 June 2021 amounted to approximately RMB7,124.0 million, representing a decrease of approximately 4.4% as compared to approximately RMB7,448.1 million as at 31 December 2020. As at 30 June 2021, the gearing ratio of the Group was approximately 37.1%, representing an increase of approximately 3.2 percentage points as compared to approximately 33.9% as at 31 December 2020. Gearing ratio represents the ratio of total liabilities over total assets.

As at 30 June 2021, the Group's total equity was approximately RMB6,518.9 million, representing an increase of approximately RMB272.1 million or approximately 4.4% as compared to approximately RMB6,246.8 million as at 31 December 2020, which was primarily due to the contributions from the realised profits in the Period.

Property, plant and equipment

The Group's property, plant and equipment primarily include self-use right-of-use assets, buildings, leasehold improvements, computer equipment, electronic equipment, transportation equipment, furniture and equipment. As at 30 June 2021, the Group's property, plant and equipment amounted to approximately RMB168.0 million, representing an increase of approximately RMB6.2 million as compared to approximately RMB161.8 million as at 31 December 2020, which was primarily due to the purchase of electronic equipment for office use and the increase in leasehold improvements for the purpose of the Group's business operations.

Leased assets and investment properties

The Group's leased assets and investment properties mainly comprise leased assets and carpark space and clubhouses. As at 30 June 2021, the Group's leased assets and investment properties amounted to approximately RMB849.3 million, representing an increase of approximately RMB668.9 million as compared to approximately RMB180.4 million as at 31 December 2020, which was mainly attributable to the fact that (i) the Group and Poly Developments and Holdings newly entered into a property leasing agreement for a term of three years with effect from 28 May 2021, which increased the leased assets and investment properties by approximately RMB814.5 million; (ii) the amendments to office leasing contract (《寫字樓租賃合同》) dated 16 October 2020 originally entered into with Poly Developments and Holdings, which decreased the leased assets and investment properties by approximately RMB90.0 million; and (iii) the decrease in depreciation of leased assets and investment properties.

Intangible assets

The Group's intangible assets primarily include property management contracts and goodwill obtained from the acquisition of subsidiaries. As at 30 June 2021, the Group's intangible assets amounted to approximately RMB130.6 million, representing a decrease of approximately RMB5.5 million as compared to approximately RMB136.1 million as at 31 December 2020, which was primarily due to the amortisation of property management contracts.

Trade and bills receivables

As at 30 June 2021, trade and bills receivables amounted to approximately RMB1,298.6 million, representing an increase of approximately RMB410.5 million as compared to approximately RMB888.1 million as at 31 December 2020, 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 2021, trade payables amounted to approximately RMB574.7 million, representing an increase of approximately 44.7% as compared to approximately RMB397.1 million as at 31 December 2020, which was primarily due to the expansion of the Group's GFA under management and the increase in the scale of subcontracting to independent third-party service providers.

Accruals and other payables

Accruals and other payables mainly include: (i) accruals and other payables due to third parties; (ii) accruals and other payables due to related parties; (iii) other tax payables; (iv) dividend payables; and (v) salaries payables.

As at 30 June 2021, accruals and other payables amounted to approximately RMB1,706.0 million, representing an increase of 36.8% as compared with approximately RMB1,246.8 million as at 31 December 2020. It was mainly due to the fact that (i) as at 30 June 2021, dividend payables amounted to approximately RMB229.5 million (31 December 2020: nil), the declared annual dividends for the year of 2020 only withheld and paid the tax of certain shareholders as at 30 June 2021 and the remaining amounts have not been paid yet; (ii) as at 30 June 2021, accruals and other payables due to third parties amounted to approximately RMB1,303.7 million, representing an increase of 24.7% as compared with approximately RMB1,045.8 million as at 31 December 2020, which was mainly comprised of the increase in deposits payable to property owners in relation to decorations and the increase in the temporary receipts from property owners.

Borrowings

As at 30 June 2021, the Group had no borrowings or bank loans.

PLEDGE OF ASSETS

As at 30 June 2021, the Group had no pledge of assets.

MAJOR INVESTMENT, ACQUISITION AND DISPOSAL AND FUTURE PLANS

The Group had no major investment, acquisition and disposal during the Period. In addition, except for the sections headed "Future Development" in "Management Discussion and Analysis" in this announcement and the expansion plans disclosed in the announcement on further change of use of proceeds from the global offering dated 16 July 2021 of the Company, the Group did not have any special plans on major investments or acquisitions.

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 2021, the Group has used approximately HK$1,058.6 million of the proceeds. Such used proceeds were allocated and used in accordance with the use of proceeds as set out in the prospectus dated 9 December 2019 and the announcement on the change of use of proceeds from the global offering dated 1 April 2021 (the "**Announcement**") of the Company. The unutilised net proceeds are approximately HK$4,159.6 million, which will be allocated and used in accordance with the purposes and proportions as set out in the Announcement. Details of the specific use are as follows:

Revised use of the net proceeds as described in the Announcement	**Revised percentage of net proceeds as described in the Announcement** *%*	**Net proceeds for revised planned use as described in the Announcement** *HK$ millions*	**Net proceeds actually utilised as of 30 June 2021** *HK$ millions*	**Revised net proceeds unutilised as of 30 June 2021** *HK$ millions*	**Expected timetable for the usage of the unutilised net proceeds**
To pursue selective strategic investment and acquisition opportunities and to further develop strategic alliances and expand the scale of the Group's property management and value-added services businesses, which include acquiring or investing in companies engaged in businesses related to property management or value-added services, or forming joint ventures with such companies, and investing in related industrial funds with business collaborative partners	37.0	1,930.7	93.2	1,837.5	On or before 31 December 2022
To further develop the Group's value-added services, which include the development of value-added products and services related to daily scenarios such as communities, commercial offices and urban management, as well as assets, the upgrading of hardware and the development of smart community and commercial facilities operation services, and the development of value-added services related to commercial operations such as office buildings	35.0	1,826.4	946.4	880.0	On or before 31 December 2022
To upgrade the Group's systems of digitisation and smart management, which include the purchase and upgrading of hardware for building smart terminals and Internet of Things platforms, the construction and development of internal information sharing platforms and databases, the recruitment and development of professional and technical staff and information management teams, and the commencement of R&D for innovative applications related to the Group's business	18.0	939.3	13.4	925.9	On or before 31 December 2022
Working capital and general corporate purpose	10.0	521.8	5.7	516.1	N/A
Total	100.0	5,218.2	1,058.6	4,159.6	

Note: For the avoidance of doubt, any discrepancies between the total and the sums of the amounts listed in the table are due to rounding.

On 16 July 2021, the Group further changed the intended use and allocation of the proceeds from the global offering, details of which are set out in the announcement of the Company dated 16 July 2021. The unutilised net proceeds will be allocated and used according to the following further revised usage as set out in the announcement.

Further revised planned use of the net proceeds	**Further revised percentage of net proceeds** *%*	**Net proceeds for further revised planned use** *HK$ millions*	**Net proceeds actually utilised as of the date of the announcement** *HK$ millions*	**Further revised net proceeds unutilised as of the date of the announcement** *HK$ millions*	**Expected timetable for the usage of the unutilised net proceeds**
To pursue selective strategic investment and acquisition opportunities and to further develop strategic alliances and expand the scale of the Group's property management and value-added services businesses, which include acquiring or investing in companies engaged in businesses related to property management or value-added services, or forming joint ventures with such companies, and investing in related industrial funds with business collaborative partners	18.5	965.4	93.2	872.2	On or before 31 December 2022
To further develop the Group's value-added services, which include the development of value-added products and services related to daily scenarios (such as communities, commercial offices and urban management) and assets (such as leasing and sales of properties, parking spaces and shops), the upgrading of hardware and the development of smart community and commercial facilities operation services, and the development of value-added services related to commercial operations such as office buildings	62.5	3,261.4	946.4	2,315.0	On or before 31 December 2022
To upgrade the Group's systems of digitisation and smart management, which include the purchase and upgrading of hardware for building smart terminals and Internet of Things platforms, the construction and development of internal information sharing platforms and databases, the recruitment and development of professional and technical staff and information management teams, and the commencement of R&D for innovative applications related to the Group's business	9.0	469.6	13.4	456.3	On or before 31 December 2022
Working capital and general corporate purpose	10.0	521.8	5.7	516.1	N/A
Total	100.0	5,218.2	1,058.6	4,159.6	

Note: For the avoidance of doubt, any discrepancies between the total and the sums of the amounts listed in the table are due to rounding.

CONTINGENT LIABILITIES

As at 30 June 2021, 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

On 16 July 2021, the Company entered into the Parking Space Leasing and Sales Agency Services Framework Agreement with Poly Developments and Holdings for a term commencing from the date on which the Parking Space Leasing and Sales Agency Services Framework Agreement is considered and approved at the extraordinary general meeting to 31 December 2023. The cooperation within the term of the Parking Space Leasing and Sales Agency Services Framework Agreement is divided into three cycles: the first cycle is from the effective date of the Parking Space Leasing and Sales Agency Services Framework Agreement to 31 December 2021, the second cycle is from 1 January 2022 to 31 December 2022, and the third cycle is from 1 January 2023 to 31 December 2023. The Parking Space Leasing and Sales Agency Services Framework Agreement stipulates that the total accumulated value of the Target Parking Spaces (being the sum of the base price for sales and leasing) during each cooperation cycle shall not exceed RMB6 billion and the deposits to be paid shall not exceed 50% of the relevant total value of the Target Parking Spaces (being the sum of the base price for sales and leasing), i.e. not more than RMB3 billion in aggregate during each cooperation cycle. For further details, please refer to the Company's announcement dated 16 July 2021.

Save as disclosed above, the Group did not have any other subsequent events after 30 June 2021 until the date of this announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Group had 44,102 employees (as at 30 June 2020: 40,026 employees). For the six months ended 30 June 2021, the total staff costs were approximately RMB2,087.7 million.

The Group has established a market-based, competitive and performance-oriented remuneration plan with reference to market standards and employee performance and contributions in order to encourage value creation of employees. 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 line with the strategy and organisational upgrade of the Company, an annual recruitment campaign for key positions named "Prairie Fire Action" was conducted to attract high-calibre management and professional talents. In addition, professional trainings designed for the marketing business of the Company were held. We have steadily improved the mechanism of corporate culture development, organised seminars on implementation strategies for specific corporate culture, and effectively explored and practiced the corporate culture ideas, in order to continue to optimise the organisational climate of the Company and promote the growth and career development of employees.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021.

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. Liu Ping 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 2021, 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 2021.

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 2021.

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

During the six months ended 30 June 2021, 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 designated 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 2021 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, the PRC, 23 August 2021

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