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**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 2022**

**FINANCIAL SUMMARY**

	<b>Six months ended 30 June</b>		Change
	<b>2022</b>	2021	
	<i>RMB million</i>	<i>RMB million</i>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
Revenue	<b>6,449.4</b>	5,153.1	Increased by 25.2%
Gross profit	<b>1,304.9</b>	1,031.5	Increased by 26.5%
Gross profit margin	<b>20.23%</b>	20.02%	Increased by 0.21 percentage points
Profit for the Period	<b>635.5</b>	505.1	Increased by 25.8%
Net profit margin	<b>9.9%</b>	9.8%	Increased by 0.1 percentage points
Profit for the Period attributable to owners of the Company	<b>628.3</b>	490.8	Increased by 28.0%
Basic earnings per share ( <i>RMB</i> )	<b>1.14</b>	0.89	Increased by 28.1%
Cash and cash equivalents	<b>5,223.9</b>	7,124.0	Decreased by 26.7%

- For the six months ended 30 June 2022 (the “**Period**”), Poly Property Services Co., Ltd. (the “**Company**” or “**Poly Property**”, and together with its subsidiaries, the “**Group**” or “**we**”) recorded approximately RMB6,449.4 million of revenue, representing an increase of approximately 25.2% as compared to the corresponding period of 2021. For the six months ended 30 June 2022, revenue contribution by the Group’s three major business lines is as follows: (i) revenue from property management services increased by approximately 25.8% to approximately RMB3,954.9 million as compared to the corresponding period of 2021; (ii) revenue from value-added services to non-property owners increased by approximately 35.4% to approximately RMB1,092.2 million as compared to the corresponding period of 2021; and (iii) revenue from community value-added services increased by approximately 16.6% to approximately RMB1,402.3 million as compared to the corresponding period of 2021.
- For the six months ended 30 June 2022, the Group recorded (i) approximately RMB1,304.9 million of gross profit, representing an increase of approximately 26.5% as compared to the corresponding period of 2021, with a gross profit margin of approximately 20.23%, representing an increase of approximately 0.21 percentage points as compared to the corresponding period of 2021; (ii) approximately RMB635.5 million of profit for the Period, representing an increase of approximately 25.8% as compared to the corresponding period of 2021 with a net profit margin of approximately 9.9%, representing an increase of approximately 0.1 percentage points as compared to the corresponding period of 2021; (iii) approximately RMB628.3 million of profit for the Period attributable to owners of the Company, representing an increase of approximately 28.0% as compared to the corresponding period of 2021; and (iv) approximately RMB1.14 of basic earnings per share.
- As at 30 June 2022, the cash and cash equivalents of the Group amounted to approximately RMB5,223.9 million, representing a decrease of approximately RMB1,900.1 million or approximately 26.7% as compared to that of 30 June 2021.

## RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby announces the unaudited consolidated results of the Group for the six months ended 30 June 2022, together with comparative figures for the corresponding period of 2021, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2022	2021
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
<b>Revenue</b>	6	<b>6,449,437</b>	5,153,133
Cost of services		<u>(5,144,558)</u>	<u>(4,121,660)</u>
<b>Gross profit</b>		<b>1,304,879</b>	1,031,473
Other income and other net gain/(loss)	7	<b>58,768</b>	86,966
Selling and marketing expenses		<b>(1,771)</b>	(3,678)
Administrative expenses		<b>(515,247)</b>	(438,228)
Share of associates’/joint ventures’ results		<b>12,757</b>	8,587
Finance costs		<b>(2,321)</b>	(5,325)
Other expenses		<u><b>(510)</b></u>	<u>(718)</u>
<b>Profit before income tax expense</b>	8	<u><b>856,555</b></u>	<u>679,077</u>
Income tax expense	9	<u><b>(221,022)</b></u>	<u>(174,025)</u>
<b>Profit for the Period</b>		<u><b>635,533</b></u>	<u>505,052</u>
<b>Profit for the Period attributable to:</b>			
– Owners of the Company		<b>628,305</b>	490,827
– Non-controlling interests		<u><b>7,228</b></u>	<u>14,225</u>
<b>Profit for the Period</b>		<u><b>635,533</b></u>	<u>505,052</u>

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2022</b>	<b>2021</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Other comprehensive income, net of tax</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Financial assets at fair value through other comprehensive income			
– Change in fair value		<u>(2,000)</u>	<u>5,000</u>
<b>Profit and total comprehensive income for the Period</b>		<u><b>633,533</b></u>	<u>510,052</u>
<b>Profit and total comprehensive income for the Period attributable to:</b>			
– Owners of the Company		<u>626,305</u>	495,827
– Non-controlling interests		<u>7,228</u>	<u>14,225</u>
<b>Profit and total comprehensive income for the Period</b>		<u><b>633,533</b></u>	<u>510,052</u>
<b>Earnings per share (expressed in RMB per share)</b>			
– Basic and diluted earnings per share	<i>11</i>	<u><b>1.14</b></u>	<u>0.89</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
		85,742	72,985
Interests in associates/joint ventures		211,128	199,506
Property, plant and equipment		653,884	704,039
Leased assets and investment properties		10,000	12,000
Financial assets at fair value through other comprehensive income		119,787	125,126
Intangible assets	12	15,185	13,327
Prepayments for property, plant and equipment		29,014	20,372
Deferred tax assets		1,124,740	1,147,355
<b>Current assets</b>			
Inventories		41,596	50,559
Trade and bills receivables	13	2,262,732	1,424,778
Prepayments, deposits and other receivables	14	3,766,723	824,659
Deposits and bank balances		5,223,878	7,690,572
		11,294,929	9,990,568
<b>Current liabilities</b>			
Trade payables	15	1,233,427	803,640
Accruals and other payables		2,149,759	1,780,840
Lease liabilities		47,685	35,851
Contract liabilities		1,356,382	1,381,095
Income tax payable		198,706	134,736
Other financial liabilities		16,397	–
		5,002,356	4,136,162
<b>Net current assets</b>		6,292,573	5,854,406
<b>Total assets less current liabilities</b>		7,417,313	7,001,761

		<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
<b>Non-current liabilities</b>			
Other financial liabilities		–	21,337
Lease liabilities		<b>73,176</b>	78,741
Deferred tax liabilities		<b>11,781</b>	12,921
		<u><b>84,957</b></u>	<u>112,999</u>
<b>Net assets</b>		<u><b>7,332,356</b></u>	<u>6,888,762</u>
<b>EQUITY</b>			
<b>Share capital and reserves attributable to owners of the Company</b>			
Share capital	<i>16</i>	<b>553,333</b>	553,333
Reserves		<b>6,649,288</b>	6,232,333
		<u><b>7,202,621</b></u>	<u>6,785,666</u>
Equity attributable to owners of the Company		<b>7,202,621</b>	6,785,666
Non-controlling interests		<b>129,735</b>	103,096
		<u><b>7,332,356</b></u>	<u>6,888,762</u>
<b>Total equity</b>		<u><b>7,332,356</b></u>	<u>6,888,762</u>

# 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 48-49th Floor, Poly Plaza, No. 832 Yue Jiang Zhong Road, Hai Zhu District, Guangzhou, Guangdong Province, the PRC. The Company's principal place of business is located at the PRC. The Company was listed on The Stock Exchange of Hong Kong Limited (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 29 August 2022.

## 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 2021 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 January 2022. 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 2021 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 2021 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 revised HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to HKFRSs 2018-2020 Cycle	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards, HKFRS 9 Financial Instruments, HKFRS 16 Leases and HKAS 41 Agriculture

The new or revised HKFRSs that are effective during the current accounting period did not have any significant impact on the Group's accounting policies and the consolidated financial statements.

### 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 2021 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 2022 and 2021, revenue from a Shareholder – Poly Developments and Holdings and its subsidiaries (“**Poly Developments and Holdings Group**”) contributed 14.7% and 12.6% 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 2022 and 2021.

#### 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 2022 and 2021.

As at 30 June 2022 and 31 December 2021, all of the non-current assets were located in the PRC.



## 6 REVENUE

Revenue mainly comprises of income derived from providing 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 2022 and 2021 was as follows:

	<b>Recognised revenue from customers</b>	<b>Six months ended 30 June</b>	
		<b>2022</b>	<b>2021</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Property management services	over time	<b>3,954,900</b>	3,143,446
Value-added services to non-property owners			
– Pre-delivery services and other value-added services to non-property owners	over time	<b>892,129</b>	693,741
– Rental income	over the lease term	<b>200,112</b>	113,084
Community value-added services			
– Other community value-added services	over time	<b>817,947</b>	727,960
– Sales of goods	at a point in time	<b>584,349</b>	474,902
		<b>6,449,437</b>	<b>5,153,133</b>

For property management services, the performance obligation is satisfied upon services provided and for property management services provided to the public services projects, most of the credit term granted to customers range from 30 to 90 days 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 2022 and 2021, 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:

	<b>As at 30 June 2022</b>	<b>As at 31 December 2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Contract liabilities	<b>1,356,382</b>	1,381,095

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. RMB806,359,000 of the contract liabilities as of 1 January 2022 has been recognised as revenue for the six months ended 30 June 2022.

7 OTHER INCOME AND OTHER NET GAIN/(LOSS)

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Other income:</b>		
Bank interest income	24,674	48,564
Other interest income ( <i>Note a</i> )	10,054	12,632
Government grants and tax incentives ( <i>Note b</i> )	37,283	33,260
Penalty income	3,606	615
Others	130	499
	75,747	95,570
<b>Other net gain/(loss):</b>		
Loss on disposal of property, plant and equipment	(146)	(6)
(Loss)/gain on modification of lease contracts, net	(64)	9,724
Impairment loss on trade receivables	(30,700)	(10,892)
Reversal of impairment/(impairment loss) on other receivables	1,284	(3,405)
Exchange gain/(loss), net	13,479	(3,448)
Change in fair value of financial liabilities at fair value through profit and loss (“FVTPL”)	(832)	(577)
	58,768	86,966

*Notes:*

- (a) Other interest income during the six months ended 30 June 2022 and 2021 mainly represented the interest received 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/(crediting) the following:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Auditor's remuneration	480	450
Depreciation of property, plant and equipment	35,199	35,320
Depreciation of leased assets and investment properties	142,992	94,617
Amortisation of intangible assets	5,339	5,506
Impairment loss on trade receivables	30,700	10,892
(Reversal of impairment)/impairment loss on other receivables	(1,284)	3,405
Short-term leases expenses	23,293	38,825
Finance costs – interest on lease liabilities	2,321	5,325
	<u>2,030,356</u>	<u>1,812,986</u>
Staff costs (including directors' emoluments):		
Salaries and bonus	2,030,356	1,812,986
Share-based compensation	5,329	–
Pension costs, housing funds, medical insurances and other social insurances	318,397	274,693
	<u>2,354,082</u>	<u>2,087,679</u>

## 9 INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Current tax</b>		
Tax for the current period and prior year	<u>230,804</u>	<u>178,496</u>
<b>Deferred tax</b>		
Credited to profit or loss for the period	<u>(9,782)</u>	<u>(4,471)</u>
	<u>221,022</u>	<u>174,025</u>

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 2022 and 2021. The current tax during the six months ended 30 June 2022 included the under-provision of RMB12,080,000 (During the six months ended 30 June 2021: over-provision of RMB316,000) 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 located in cities in Western China or qualified as small and micro enterprise, and are subjected to a preferential corporate income tax rate of 15% or 5% in certain periods.

## 10 DIVIDENDS

During the six months ended 30 June 2021, annual 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.

During the six months ended 30 June 2022, annual dividend of RMB168,766,687 (tax inclusive) in respect of 2021 was declared and has been paid in August 2022.

No interim dividend was declared for the six months ended 30 June 2022 and the six months ended 30 June 2021.

## 11 BASIC AND DILUTED EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, by the weighted average number of ordinary shares in issue during the period less shares purchased for the restricted share incentive scheme:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profits</b>		
Profit attributable to owners of the Company (RMB'000)	<b>628,305</b>	490,827
Weighted average number of ordinary shares ('000) ( <i>Note</i> )	<b>553,125</b>	553,333
<b>Basic earnings per share (RMB)</b>	<b>1.14</b>	0.89

*Note:* On 18 February 2022, the shareholders of the Company approved the adoption of a restricted share incentive scheme. During the six months ended 30 June 2022, 1,070,600 shares were purchased by a trustee (the “Trustee”) from the secondary market (Note 17).

### (b) Diluted

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

The Group only has one category of potential ordinary shares that is the shares granted under the restricted share incentive scheme.

Given that vesting conditions of restricted shares are subject to achievement of financial performance of the Group and individual performance assessment of participants over the contingency period and these conditions have not been fulfilled as at 30 June 2022, there was no dilutive effect on shares arising from the restricted share incentive scheme for the six months ended 30 June 2022.

12 INTANGIBLE ASSETS

	<b>Property management contracts</b> <i>RMB'000</i>	<b>Goodwill</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>COST</b>			
<b>At 1 January 2021 (Audited), 31 December 2021 (Audited), 1 January 2022 (Audited) and 30 June 2022 (Unaudited)</b>	<u>88,000</u>	<u>64,897</u>	<u>152,897</u>
<b>ACCUMULATED AMORTISATION</b>			
<b>At 1 January 2021 (Audited)</b>	16,760	–	16,760
Amortisation	<u>11,011</u>	<u>–</u>	<u>11,011</u>
<b>At 31 December 2021 (Audited) and 1 January 2022 (Audited)</b>	27,771	–	27,771
Amortisation	<u>5,339</u>	<u>–</u>	<u>5,339</u>
<b>At 30 June 2022 (Unaudited)</b>	<u>33,110</u>	<u>–</u>	<u>33,110</u>
<b>NET BOOK VALUE</b>			
<b>At 30 June 2022 (Unaudited)</b>	<u>54,890</u>	<u>64,897</u>	<u>119,787</u>
<b>At 31 December 2021 (Audited)</b>	<u>60,229</u>	<u>64,897</u>	<u>125,126</u>

### 13 TRADE AND BILLS RECEIVABLES

	As at <b>30 June 2022</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Related parties	598,708	389,073
Third parties	<u>1,752,259</u>	<u>1,092,643</u>
Total	<b>2,350,967</b>	1,481,716
Less: allowance for impairment of trade receivables	<u>(90,123)</u>	<u>(59,423)</u>
	<b><u>2,260,844</u></b>	<b><u>1,422,293</u></b>
Bills receivables	<u>1,888</u>	<u>2,485</u>
	<b><u>2,262,732</u></b>	<b><u>1,424,778</u></b>

As at 30 June 2022 and 31 December 2021, 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 management 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 2022 and 31 December 2021 is between 3 to 12 months. As at 30 June 2022, bills receivables due from Poly Developments and Holdings Group amounted to RMB Nil (RMB985,000 as at 31 December 2021).

As at 30 June 2022 and 31 December 2021, the ageing analysis of the trade receivables based on invoice date was as follows:

	As at <b>30 June 2022</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Within 1 year	2,225,310	1,393,425
1 to 2 years	88,156	60,373
Over 2 years	<u>37,501</u>	<u>27,918</u>
	<b><u>2,350,967</u></b>	<b><u>1,481,716</u></b>

## 14 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
<b>Non-current assets</b>		
Prepayments for property, plant and equipment	<u>15,185</u>	<u>13,327</u>
<b>Current assets</b>		
Deposits and other receivables		
– Related parties ( <i>Note a</i> )	3,038,781	42,289
– Third parties	<u>592,956</u>	<u>626,358</u>
Total	3,631,737	668,647
Less: allowance for impairment of other receivables	<u>(21,773)</u>	<u>(23,057)</u>
	3,609,964	645,590
VAT receivables	20,302	37,859
Interest receivables ( <i>Note b</i> )	2,315	886
Prepayments ( <i>Note c</i> )	<u>134,142</u>	<u>140,324</u>
	<u><b>3,766,723</b></u>	<u><b>824,659</b></u>

### Notes:

- (a) As at 30 June 2022, the balance mainly represented deposit of RMB3,000,000,000 (31 December 2021: RMB Nil) paid to Poly Developments and Holdings Group for commencing the parking spaces sales agency business pursuant to the Parking Space Leasing and Sales Agency Services Framework Agreement. For details of this major and continuous connected transaction, please refer to the announcement dated 16 July 2021 and the circular dated 26 August 2021 of the Company.
- (b) As at 30 June 2022 and 31 December 2021, the balance included the interest receivable from the deposit maintained with a fellow subsidiary of RMB156,000 and RMB110,000 respectively. Please refer to note 7(a) for further details.
- (c) As at 30 June 2022 and 31 December 2021, the balance included prepayment for rental expenses to Poly Developments and Holdings Group of RMB1,203,000 and RMB2,473,000 respectively.

**15 TRADE PAYABLES**

	As at <b>30 June</b> <b>2022</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2021 <i>RMB'000</i> (Audited)
Related parties ( <i>Note</i> )	<b>91,229</b>	42,758
Third parties	<b>1,142,198</b>	760,882
	<b><u>1,233,427</u></b>	<b><u>803,640</u></b>

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 is as follows:

	As at <b>30 June</b> <b>2022</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2021 <i>RMB'000</i> (Audited)
Within 1 year	<b>1,193,878</b>	786,329
1 to 2 years	<b>38,776</b>	16,875
Over 2 years	<b>773</b>	436
	<b><u>1,233,427</u></b>	<b><u>803,640</u></b>

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



## 16 SHARE CAPITAL AND SHARES HELD UNDER THE RESTRICTED SHARE INCENTIVE SCHEME

	Domestic shares		Listed H shares		Total	
	Number '000	Amount RMB'000	Number '000	Amount RMB'000	Number '000	Amount RMB'000
Registered, issued and fully paid:						
1 January 2021 (Audited),						
31 December 2021 (Audited),						
1 January 2022 (Audited) and						
30 June 2022 (Unaudited)	400,000	400,000	153,333	153,333	553,333	553,333
	<b>Six months ended 30 June 2022 (Unaudited)</b>		<b>Year ended 31 December 2021 (Audited)</b>			
	<b>Number '000</b>	<b>Amount RMB'000</b>	<b>Number '000</b>	<b>Amount RMB'000</b>		
Shares held under the Restricted Share Incentive Scheme:						
At the beginning of the period/year	–	–	–	–		
Shares purchased ( <i>Note b</i> )	<b>1,071</b>	<b>45,912</b>	–	–		
At the end of the period/year	<b>1,071</b>	<b>45,912</b>	–	–		

Notes:

- a. Both holders of domestic shares and H shares are ordinary shareholders and have equal rights and obligations.
- b. During the six months ended 30 June 2022, the Trustee has purchased 1,070,600 H shares at a total consideration of RMB45,912,000 from the secondary market, which are held under the restricted share incentive scheme (note 17).

## 17 RESTRICTED SHARE INCENTIVE SCHEME

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

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

Pursuant to the Scheme, the Board resolved to implement the initial grant on 26 April 2022 (“**Grant Date**”). The first tranche of 4,654,200 restricted shares were granted, and 4,282,400 restricted shares were actually granted at a grant price of HK\$25.71 per share. The fair value of the shares granted on the Grant Date were determined as HK\$24.94 per share.

Movements in number of restricted shares granted and related fair value are as follows:

	<b>Unaudited</b> <b>Six months ended</b> <b>30 June 2022</b>	
	<b>Weighted</b> <b>average</b> <b>fair value</b> <b>per share</b> <i>HK\$</i>	<b>Number of</b> <b>restricted</b> <b>shares</b>
As at 1 January 2022	–	–
Granted during the period	24.94	4,282,400
	<hr/>	<hr/>
As at 30 June 2022	24.94	4,282,400
	<hr/>	<hr/>

During the six months ended 30 June 2022, share-based payments of RMB5,329,000 was recognised in the consolidated statement of profit or loss, with a corresponding credit to the equity.

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

During the six months ended 30 June 2022, the Trustee has purchased 1,070,600 H shares at a total cash consideration of RMB45,912,000, which was debited to the equity of the Company.

Shares held by the Trustee under the Restricted Share Incentive Scheme are as follows:

	<b>Unaudited</b> <b>As at 30 June 2022</b>	
	<b>Number of</b> <b>restricted</b> <b>shares</b>	<b>Shares held</b> <b>under the</b> <b>Restricted</b> <b>Share</b> <b>Incentive</b> <b>Scheme</b> <i>RMB'000</i>
Shares held under the Restricted Share Incentive Scheme	1,070,600	45,912
	<hr/>	<hr/>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is a leading comprehensive property management service provider in China with extensive property management scale and state-owned background. According to the ranking of 2022 Top100 Property Management Companies in China by the China Index Academy, the Group ranked third among the Top100 Property Management Companies in China and first in terms of comprehensive strengths among the property management companies with state-owned background. The Group has actively pushed forward the “Comprehensive Property” strategy and its management business portfolio covers residential communities, commercial and office buildings, and public and other properties. As at 30 June 2022, the Group’s contracted gross floor area (“GFA”) was approximately 731.6 million sq.m. with a total of 2,575 contracted projects, covering 206 cities across 29 provinces, municipalities and autonomous regions in China. The GFA under management was approximately 523.1 million sq.m. with a total of 1,910 projects under management.

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

#### **Property management services – representing approximately 61.3% of the total revenue**

For the six months ended 30 June 2022, the Group’s revenue from property management services amounted to approximately RMB3,954.9 million, representing an increase of approximately 25.8% as compared to the corresponding period of 2021, which is mainly due to the expansion of GFA under management and the increase in the number of projects under management of the Group.

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

Source of projects	As at 30 June					
	Contracted GFA '000 sq.m.	2022 Percentage of contracted GFA %	Number of contracted projects	Contracted GFA '000 sq.m.	2021 Percentage of contracted GFA %	Number of contracted projects
Poly Developments and Holdings Group ( <i>Note 1</i> )	296,667	40.6	1,307	255,261	41.0	1,109
Third parties ( <i>Note 2</i> )	434,885	59.4	1,268	366,736	59.0	1,069
<b>Total</b>	<b>731,552</b>	<b>100.0</b>	<b>2,575</b>	<b>621,997</b>	<b>100.0</b>	<b>2,178</b>

*Note 1:* “Poly Developments and Holdings Group” represents the properties developed, solely or jointly with other parties, by the members of Poly Developments and Holdings Group (including its 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.

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 2022, the contracted GFA from Poly Developments and Holdings Group reached approximately 296.7 million sq.m., representing an increase of approximately 17.7 million sq.m. as compared to the contracted GFA as at 31 December 2021.

In the increasingly competitive market environment, the Group adheres to the principle of high-quality development and insists on the cultivation of cities and major business types. Leveraging on our excellent and solid service quality and brand influence, the Group continues to intensify its efforts in market development. During the Period, although being impacted by the phasing effects caused by the pandemic to the market expansion efforts, the Group’s newly bided single-year contract value of projects from third parties amounted to approximately RMB1.24 billion and the single-year contract value of projects from third parties newly entered into by the Group during the Period amounted to approximately RMB0.61 billion (excluding renewed projects). Of which, large-scale projects with single-year contract value of over RMB10 million accounted for over 46.2% and the single-year contract value from non-residential businesses accounted for over 86.2%, showing rapid implementation of the Comprehensive Property strategy.

The Group also proactively explores joint venture co-operation with state-owned enterprises and local state-funded platforms. During the Period, the Group completed the establishment of joint ventures with two state-funded platforms, to capitalise preemptively on the market of scale services with the co-operative complementation of resources and capabilities.

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

Source of projects	Six months ended 30 June or as at 30 June									
	2022					2021				
	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)	2,468,530	62.4	200,797	38.4	950	2,096,124	66.7	163,318	38.1	811
Third parties (Note)	1,486,370	37.6	322,295	61.6	960	1,047,322	33.3	264,921	61.9	765
<b>Total</b>	<b>3,954,900</b>	<b>100.0</b>	<b>523,092</b>	<b>100.0</b>	<b>1,910</b>	<b>3,143,446</b>	<b>100.0</b>	<b>428,239</b>	<b>100.0</b>	<b>1,576</b>

Note: See note 1 and note 2 on page 20.

Continuous improvement in marketisation ability provides reliable safeguard for the steady growth of the scale of property management of the Group. For the six months ended 30 June 2022, revenue from property management services to third parties amounted to approximately RMB1,486.4 million, representing a significant increase of approximately 41.9% as compared to the corresponding period of 2021 and accounting for approximately 37.6% of the total revenue from property management services, representing a year-on-year increase of approximately 4.3 percentage points.

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, hence, the structure of property management businesses was further optimised. As at 30 June 2022, the GFA under management of non-residential businesses increased to approximately 293.4 million sq.m., accounting for approximately 56.1% of the total GFA under management. During the Period, we recorded revenue of property management from non-residential properties of approximately RMB1,539.5 million, representing an increase of approximately 37.3% as compared to the corresponding period of 2021. The proportion of such revenue to the overall revenue of property management services increased by approximately 3.2 percentage points year-on-year to approximately 38.9%.

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									
	2022					2021				
	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	2,415,410	61.1	229,707	43.9	1,077	2,021,988	64.3	181,924	42.5	910
Non-residential properties	1,539,490	38.9	293,385	56.1	833	1,121,458	35.7	246,315	57.5	666
- Commercial and office buildings	604,552	15.3	17,634	3.4	264	462,304	14.7	13,091	3.1	193
- Public and other properties	934,938	23.6	275,751	52.7	569	659,154	21.0	233,224	54.4	473
<b>Total</b>	<b>3,954,900</b>	<b>100.0</b>	<b>523,092</b>	<b>100.0</b>	<b>1,910</b>	<b>3,143,446</b>	<b>100.0</b>	<b>428,239</b>	<b>100.0</b>	<b>1,576</b>

The Group adheres to the principle of quality, and improves the service standards and quality control system for the overall business continuously, so as to strengthen the establishment of product competitiveness of property management service. With the establishment of the standardised management control system and cost standard system for overall business and full life-cycle, we promoted the smallest unit of the project to achieve improvements in quality, efficiency and effectiveness. We also strengthened staff empowerment through informatisation tools and training systems.

For residential communities, the Group has established three major property service brands of “Harmony Courtyard”, “Elegant Life” and “Oriental Courtesy” as its effort to establish a differentiated service system, and hence satisfying the residential needs of different customer groups and offering premium living experience through refined management, standardised services and scenario-base experience. As at 30 June 2022, the GFA under management of the Group in the residential communities was approximately 229.7 million sq.m., accounting for approximately 43.9% of the total GFA under management. For the six months ended 30 June 2022, revenue from property management services for residential communities amounted to approximately RMB2,415.4 million, representing an increase of approximately 19.5% as compared to the corresponding period of 2021 and accounting for approximately 61.1% 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”, all for the aim of developing a leading brand for commercial and office services with state-owned background. During the Period, the single-year contract value of commercial and office buildings newly entered into by the Group amounted to approximately RMB160.4 million, and the Group has newly added a number of high-quality office buildings projects from third parties, such as Hebei Company and Guangdong Company of China Mobile, Guangzhou Branch of SPD Bank, the Tax Bureau of Guangzhou and Caidian District, Wuhan of the State Taxation Administration as well as the People’s Procuratorate of Haidian District, Beijing. As at 30 June 2022, the GFA under management of commercial and office buildings of the Group was approximately 17.6 million sq.m.. For the six months ended 30 June 2022, revenue from property management services of commercial and office buildings amounted approximately RMB604.6 million, representing an increase of approximately 30.8% as compared to the corresponding period of 2021.

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

After many years of endeavours, the Group has formed nationwide layout and leading advantages in a number of business types, such as higher education and teaching and research properties, urban scenic areas, railways and transportation properties, hospitals, government offices and urban public facilities, and maintained a rapid growing trend. For the six months ended 30 June 2022, the single-year contract value of public and other property projects newly entered into by the Group was approximately RMB395.5 million, of which three core business types of higher education and teaching and research properties, railways and transportation properties as well as urban scenic areas accounted for over 71.1%. The key expansion projects included Huazhong University of Science and Technology, Changsha Metro Line No. 4 and No. 6, Guangdong Intercity Railway (Guangzhou – Huizhou and Guangzhou – Zhaoqing sections), Teng Wang Ge Scenic Area and Department of Conservation Science of the Palace Museum. In terms of the town-wide holistic service segment, during the Period, the Group successfully expanded to the public service projects including Haizhu Wetland Scenic Area in Guangzhou City as well as Pazhou Street, Fengyang Street and Ruibao Street in Haizhu



District of Guangzhou City. Leveraging on the foundation of the town-wide holistic service model for counties, the Group further expanded the new holistic service model for tier-one cities. By introducing professional marketing teams and industry partners, the Company established an environmental sanitation joint venture, so as to develop vertical business capability for environmental sanitation services. For the first half of the year, a number of large-scale environmental sanitation services and city stewardship projects in Shenzhen, Yangzhou and Baotou have been expanded rapidly. The Group's core capability in respect of city services was further enhanced and the accelerating development of deployment of Comprehensive Property strategy was supported by our deployment in environmental sanitation industry.

For the six months ended 30 June 2022, the revenue of the Group from property management services for public and other properties was approximately RMB934.9 million, representing an increase of approximately 41.8% as compared with the corresponding period of 2021 and accounted for approximately 23.6% of the total revenue from property management services, representing an increase of approximately 2.6 percentage points in its percentage of revenue as compared with the corresponding period of 2021.

### **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 continuously.

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

	<b>Six months ended</b>		<b>Changes</b>
	<b>30 June</b>		
	<b>2022</b>	<b>2021</b>	
	<i>(RMB/sq. m./month)</i>		<i>(RMB)</i>
<b>Residential communities</b>	<b>2.25</b>	2.23	Increased by 0.02
– Poly Developments and Holdings Group	<b>2.34</b>	2.31	Increased by 0.03
– Third parties	<b>1.78</b>	1.80	Decreased by 0.02
<b>Commercial and office buildings</b>	<b>7.45</b>	7.66	Decreased by 0.21
– Poly Developments and Holdings Group	<b>8.67</b>	8.89	Decreased by 0.22
– Third parties	<b>6.36</b>	6.34	Increased by 0.02



**Value-added services to non-property owners – representing approximately 16.9% of the total revenue**

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

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

Service Type	Six months ended 30 June			
	2022		2021	
	<i>RMB’000</i>	<i>Percentage of revenue %</i>	<i>RMB’000</i>	<i>Percentage of revenue %</i>
Pre-delivery services	<b>642,847</b>	<b>58.9</b>	552,607	68.5
Office leasing	<b>200,112</b>	<b>18.3</b>	113,084	14.0
Other value-added services to non-property owners	<b>249,282</b>	<b>22.8</b>	141,134	17.5
<b>Total</b>	<b><u>1,092,241</u></b>	<b><u>100.0</u></b>	<b><u>806,825</u></b>	<b><u>100.0</u></b>

The Group’s revenue from value-added services to non-property owners for the six months ended 30 June 2022 was approximately RMB1,092.2 million, representing an increase of approximately 35.4% as compared to the corresponding period of 2021, which was mainly due to (i) the continuous increase in the scale of provision of pre-delivery services; (ii) the rapid increase in the rent income of office buildings; and (iii) the rapid business growth of other value-added services to non-property owners of the Group.

**Community value-added services – representing approximately 21.8% of the total revenue**

For the six months ended 30 June 2022, the Group’s revenue from community value-added services amounted to approximately RMB1,402.3 million, representing a growth of approximately 16.6% compared to the corresponding period in 2021. This was mainly due to (i) the expansion of the Group’s management scale and the increase in service users, coupled with the customer loyalty brought by our quality basic services, provided us with sound business foundation for the development of community value-added services; and (ii) the continuous improvement of diversified industrial capability of community retail, space operation, housekeeping services and move-in and furnishing services.

As impacted by the localised and sporadic breakout of COVID-19 pandemic during the first half of the year, community value-added services including space operation and move-in and furnishing services were periodically affected. However, the Group solidly promoted the establishment of capabilities of various industries, which achieved high-quality growth in scale. Firstly, the Group promotes the establishment of industrial capabilities around three dimensions of insightfulness for needs, research and development of products and project operations, including the insights and analyses of customers' demands, optimisation of business models and supply chains, and promotes large-scale central procurement, strengthen the cooperation with industry-leading companies and broaden the marketing system comprehensively; secondly, the Group enhances the empowerment of platforms to speed up the execution of industry business through dimensions such as optimising team deployment, improving tools and technologies for customer services and supplementing industrial resources; at the same time, the Group strengthens the support from information technology and continue to upgrade the three systems of new retail online platform, the move-in and furnishing services platform and the community space resources management platform, improving the customers' experiences and operation efficiency rapidly. During the Period, the Group also explored operational business on community assets, to capitalise on the advantages of property-scenario services by commencing parking spaces sales agency business, in order to rapidly establish the capabilities of community inventory asset operation.

**Move-in and furnishing services: realising approximately RMB218.4 million in revenue, accounting for approximately 15.6% 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 RMB406.2 million in revenue, accounting for approximately 29.0% of the total revenue from community value-added services**

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

**Parking lot services: realising approximately RMB166.6 million in revenue, accounting for approximately 11.9% of the total revenue from community value-added services**

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

**Space operation: realising approximately RMB140.6 million in revenue, accounting for approximately 10.0% of the total revenue from community value-added services**

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

**Community convenience and other services: realising approximately RMB470.5 million in revenue, accounting for approximately 33.5% 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, home-based nursing, babysitting and postpartum doulas, theme-based education, realtor services and parking space agency sales business as well as property-specific services such as garbage disposals and removals.

## **Future Development**

The complicated economic environment and COVID-19 pandemic during the first half of the year posed challenges to the development of industries. As a state-owned enterprise for property services, we are always customer-oriented, bear social responsibilities actively and stand on the front line to fight the pandemic, so as to protect the health and safety as well as the convenience of living for the property owners. We have overcome various impacts of the pandemic and rose to the challenges and forged ahead, enabling us to maintain the positive momentum for the high-quality growth of our performance.

Looking forward, short-term fluctuations will not change the long-term positive trend of the industry. The property services industry still possesses a number outstanding commercial features such as light asset-oriented, anti-cyclical and strong cash flow, and the property services industry is in a period of development opportunities which enjoyed gradual improvements in terms of continuous expansion and marketisation level, non-stop breakthroughs in service scenarios and continuous enrichment of service contents. We note that the policy front encourages the industry to regulate its services so that quality will match the prices, and encourages property services companies to develop diversified convenience and living services. With the policy trend of the reform of socialisation of logistic services, refined governance of cities and equalisation of public services, the property service scenarios move towards diversified business types in cities which continue to unleash the demands for more logistic services, coupled with the proactive changes and evolvments of peer property services companies, all of these factors lead to the high-quality development of the industry. As a pioneer of state-owned enterprises for property services, we will maintain strategic stabilisation, seize opportunities in the industry, adhere to our large-scale development path and improve our industry capability proactively, and continue to enhance our core competitiveness in terms of quality, products, management, technologies and organisation with the emphasis of “continuous cultivation, comprehensive refinement and the acceleration of the empowerment of digitalisation”, so as to move towards our vision of being “the leading service provider of the Comprehensive Property ecosystem” progressively.

### **Intensively cultivate cities and core business types and adhere to high-quality growth path**

We will continue to deeply cultivate high-quality regions and core business types, increase the density of high-quality regions and expand the scale of sub-sectors businesses. We will improve the expansion level by strengthening market research and judgment, creating benchmarking projects and strengthening team building, and we will meet the multi-layered customers’ demands with the concept of prefabrication through diversified service and product systems, so as to further replicate and promote the town-wide holistic service model in Jiashan County and the city-wide holistic service model in Haizhu District, and speed up the implementation of the Comprehensive Property strategy. At the same time, we will use a combination of various methods like joint ventures and co-operation and equity investments to enhance the efforts in integrating high-quality resources, actively develop layout of new industries and new business types, so as to speed up the enhancement of business segmentation’s advantages and establish professional service capabilities.

### **Intensively cultivate core industries and establish professionalised value-added service capabilities**

We will focus on five core businesses including move-in and furnishing services, community retail, space operation, housekeeping services and community asset management, and continue to establish three core capabilities of “insightfulness for needs, research and development of products and project operations”, so as to fully bring the comparative advantages of property services into full play and create better living experience for owners in an all-round way. We will commence portrait analysis of users and empower business development, efficiently connect high-quality service resources as well as strengthen platform empowerment so as to promote high-quality and sustainable development of core industries. We will speed up the implementation of vertical pilot scheme for core industries, so as to explore new business model continuously.

### **Intensively cultivate lean management and achieve comprehensive quality and efficiency improvement**

We will continue to carry forward lean management and improve quality and efficiency by revolving around organisational talents, project management and cost management, so as to improve the core competitiveness of our own large-scale development and empower the high-quality development of the Company. In terms of organisation and talents, the Company will establish an efficient and flexible organisational system through process engineering and further improve the organisational competitiveness by enhancing the professional capability and management capability of key teams. In terms of refined operation of projects, by improving the control system for all business types and all cycles, the smallest unit of the projects will achieve improvements in quality and effectiveness. In terms of cost refinement, the Company will strengthen comprehensive budget management, strengthen operational management empowered by data and promote centralised purchasing of businesses by leveraging on its advantage in scale.

### **Speed up the empowerment of digitalisation and comprehensively support implementation of strategy**

We will enhance the investments in the fields of digitalisation and technologisation and will speed up empowerment of the business and management by digitalised tools throughout the in-depth application of various internal control systems, so as to achieve improvement of management with improved timeliness, accuracy and effectiveness and achieve improved effectiveness of cost and fee control. We will continue to upgrade the basic residential and commercial service systems, enhance the multi-layered property service capability and promote the establishment of digital platforms for town-wide holistic services and technology-supported platforms for multi-scenario services. We will accelerate the realisation of smart community and improve the facilitation of smart vehicular and pedestrian construction, smart facilities and smart application, as well as exploring the application of smart robots in various business scenarios, so as to speed up the realisation of smart property services and technologised management.

## 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				
	2022		2021		Growth rate %
	<i>RMB'000</i>	Percentage of revenue %	<i>RMB'000</i>	Percentage of revenue %	
Property management services	<b>3,954,900</b>	<b>61.3</b>	3,143,446	61.0	25.8
Value-added services to non-property owners	<b>1,092,241</b>	<b>16.9</b>	806,825	15.7	35.4
Community value-added services	<b>1,402,296</b>	<b>21.8</b>	1,202,862	23.3	16.6
<b>Total</b>	<b>6,449,437</b>	<b>100.0</b>	<b>5,153,133</b>	<b>100.0</b>	<b>25.2</b>

For the six months ended 30 June 2022, total revenue of the Group amounted to approximately RMB6,449.4 million (six months ended 30 June 2021: approximately RMB5,153.1 million), representing an increase of approximately 25.2% as compared to the corresponding period of 2021. 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 continuous and stable 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 RMB5,144.6 million (six months ended 30 June 2021: approximately RMB4,121.7 million), representing an increase of approximately 24.8% as compared to the corresponding period of 2021. 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) the fast growth of various value-added services of the Group including community retail and office leasing business, resulting in the increase in corresponding 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					
	2022			2021		
	Gross profit (RMB'000)	Percentage of gross profit %	Gross profit margin %	Gross profit (RMB'000)	Percentage of gross profit %	Gross profit margin %
Property management services	654,142	50.1	16.54	516,998	50.1	16.45
Value-added services to non-property owners	203,484	15.6	18.63	149,320	14.5	18.51
Community value-added services	447,253	34.3	31.89	365,155	35.4	30.36
<b>Total</b>	<b>1,304,879</b>	<b>100.0</b>	<b>20.23</b>	<b>1,031,473</b>	<b>100.0</b>	<b>20.02</b>

For the six months ended 30 June 2022, the Group's gross profit was approximately RMB1,304.9 million, representing an increase of approximately 26.5% as compared to approximately RMB1,031.5 million of the corresponding period of 2021. The Group's gross profit margin increased from approximately 20.02% in the corresponding period of 2021 to 20.23%.

For the six months ended 30 June 2022, the Group's gross profit margin for property management services was approximately 16.54% (six months ended 30 June 2021: approximately 16.45%), representing an increase of approximately 0.09 percentage point as compared to the corresponding period of 2021, showing a slight increase.

For the six months ended 30 June 2022, the gross profit margin for value-added services to non-property owners was approximately 18.63% (six months ended 30 June 2021: approximately 18.51%), representing an increase of 0.12 percentage points as compared to the corresponding period of 2021, showing a slight increase.

For the six months ended 30 June 2022, the Group's gross profit margin for community value-added services was approximately 31.89% (six months ended 30 June 2021: approximately 30.36%), representing an increase of 1.53 percentage points as compared to the corresponding period of 2021, which was mainly due to the continuous improvement of diversified industrial capability of move-in and furnishing services as well as parking space agency business.



### **Other income and other net gain**

For the six months ended 30 June 2022, other income and other net gain was approximately RMB58.8 million, representing a decrease of approximately 32.4% as compared to approximately RMB87.0 million for the six months ended 30 June 2021. It was mainly attributable to (i) the decrease in bank interests as a result of the decrease in bank deposits, which was due to the deployment of funds into the asset operation business and value-added business with higher utilisation efficiency; and (ii) the increase in provision for impairment as a result of the increase in the balance of accounts receivable.

### **Administrative expenses**

For the six months ended 30 June 2022, the total administrative expenses of the Group were approximately RMB515.2 million, representing an increase of approximately 17.6% as compared to approximately RMB438.2 million for the six months ended 30 June 2021, which was primarily due to an increase in employee wages and welfare and relevant expenses as compared to the corresponding period of 2021 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 8.0% (six months ended 30 June 2021: approximately 8.5%) of the total revenue, representing a slight decrease as compared to the corresponding period of 2021.

### **Profit for the Period**

For the six months ended 30 June 2022, the profit for the Period of the Group was approximately RMB635.5 million, representing an increase of approximately 25.8% as compared to approximately RMB505.1 million of the corresponding period of 2021. The profit for the Period attributable to owners of the Company was approximately RMB628.3 million, representing an increase of approximately 28.0% as compared to approximately RMB490.8 million of the corresponding period of 2021. The net profit margin was approximately 9.9%, representing an increase of 0.1 percentage points as compared to the corresponding period of 2021.



## **Current assets, reserves and capital structure**

For the six months ended 30 June 2022, the Group maintained a sound financial position. As at 30 June 2022, the current assets amounted to approximately RMB11,294.9 million, representing an increase of approximately 13.1% as compared to approximately RMB9,990.6 million as at 31 December 2021. Cash and cash equivalents of the Group as at 30 June 2022 amounted to approximately RMB5,223.9 million, representing a decrease of approximately 32.1% as compared to approximately RMB7,690.6 million as at 31 December 2021, which was mainly because the Group deployed the funds into the asset operation business and value-added business with higher utilisation efficiency. As at 30 June 2022, the gearing ratio of the Group was approximately 41.0%, representing an increase of approximately 2.8 percentage points as compared to approximately 38.2% as at 31 December 2021. Gearing ratio represents the ratio of total liabilities over total assets.

As at 30 June 2022, the Group's total equity was approximately RMB7,332.4 million, representing an increase of approximately RMB443.6 million or approximately 6.4% as compared to approximately RMB6,888.8 million as at 31 December 2021, which was primarily due to the contributions from the realised profits in the Period.

## **Property, plant and equipment**

The Group's property, plant and equipment primarily include self-use right-of-use assets, buildings, leasehold improvements, computer equipment, electronic equipment, transportation equipment, furniture and equipment. As at 30 June 2022, the Group's property, plant and equipment amounted to approximately RMB211.1 million, representing an increase of approximately RMB11.6 million as compared to approximately RMB199.5 million as at 31 December 2021, which was primarily due to the purchase of transportation equipment and the additions to right-of-use assets 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 2022, the Group's leased assets and investment properties amounted to approximately RMB653.9 million, representing a decrease of approximately RMB50.1 million as compared to approximately RMB704.0 million as at 31 December 2021, which was mainly due to (i) the increase in leased assets and investment properties of approximately RMB92.8 million due to the commencement of office leasing business; and (ii) the decrease in leased assets and investment properties of approximately RMB143.0 million due to the provision for depreciation.

## **Intangible assets**

The Group's intangible assets primarily include property management contracts and goodwill obtained from the acquisition of subsidiaries. As at 30 June 2022, the Group's intangible assets amounted to approximately RMB119.8 million, representing a decrease of approximately RMB5.3 million as compared to approximately RMB125.1 million as at 31 December 2021, which was primarily due to the amortisation of property management contracts.

## **Trade and bills receivables**

As at 30 June 2022, trade and bills receivables amounted to approximately RMB2,262.7 million, representing an increase of approximately RMB837.9 million as compared to approximately RMB1,424.8 million as at 31 December 2021, which was primarily due to (i) an increase in trade receivables in line with the continuous expansion of the Group's business scale; (ii) the percentage of revenue from property management services for public service projects increased, and due to the impact of the credit period, the balance of trade receivables increased; and (iii) the receipt of property management fees of certain projects was periodically inhibited during the first half of the year due to the pandemic.

## **Prepayments, deposits and other receivables**

Prepayments, deposits and other receivables primarily included: (i) deposits from related parties and other receivables; (ii) deposits from third parties and other receivables; (iii) VAT receivables; (iv) interest receivables; and (v) prepayments.

As at 30 June 2022, prepayments, deposits and other receivables amounted to approximately RMB3,766.7 million, representing an increase of approximately RMB2,942.0 million as compared to approximately RMB824.7 million as at 31 December 2021, which was primarily due to the deposits from related parties and other receivables amounting to approximately RMB3,038.8 million as at 30 June 2022, which represented an increase of approximately RMB2,996.5 million as compared to approximately RMB42.3 million as at 31 December 2021, which was mainly due to the cultivation of community asset operation capabilities and the deposits of RMB3 billion paid for the commencement of parking space agency sales business with Poly Development will be recovered in December 2022 according to the contract.

## **Trade payables**

As at 30 June 2022, trade payables amounted to approximately RMB1,233.4 million, representing an increase of approximately 53.5% as compared to approximately RMB803.6 million as at 31 December 2021, which was primarily due to (i) the increase in remaining rent yet to be settled due to the commencement of office leasing business; and (ii) the expansion of the Group's GFA under management and the continuous increase in the scale of subcontracting to independent third-party service providers.

## **Accruals and other payables**

Accruals and other payables mainly include: (i) 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 2022, accruals and other payables amounted to approximately RMB2,149.8 million, representing an increase of approximately 20.7% as compared with approximately RMB1,780.8 million as at 31 December 2021. It was mainly due to the fact that (i) as at 30 June 2022, dividend payables amounted to approximately RMB168.8 million (31 December 2021: nil), which was the declared annual dividends for the year of 2021 have not been paid yet as at 30 June 2022; and (ii) as at 30 June 2022, accruals and other payables due to third parties amounted to approximately RMB1,681.8 million, representing an increase of approximately RMB111.4 million as compared with approximately RMB1,570.4 million as at 31 December 2021, which was mainly the amount of approximately RMB94.8 million received from the participants of the Restricted Share Incentive Scheme.

## **Borrowings**

As at 30 June 2022, the Group had no borrowings or bank loans.

## **PLEDGE OF ASSETS**

As at 30 June 2022, the Group had no pledge of assets.

## **SIGNIFICANT INVESTMENT, AND MAJOR ACQUISITION AND DISPOSAL AND FUTURE PLANS**

The Group had no significant investment, major 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 significant investments, major acquisitions or disposals.

## **PROCEEDS FROM THE LISTING**

The H shares of the Company (the “**H Shares**”) were successfully listed on the Stock Exchange on 19 December 2019 with 133,333,400 new H Shares issued and, upon the exercise of the over-allotment option in full, 153,333,400 H Shares were issued in aggregate. Net proceeds from the listing amounted to approximately HK\$5,218.2 million after deducting the underwriting fees and relevant expenses. As of 30 June 2022, the Group has used approximately HK\$3,588.1 million of the proceeds. Such used proceeds were allocated and used in accordance with the use of proceeds as set out in the prospectus dated 9 December 2019, the announcement on the change of use of proceeds from the global offering dated

1 April 2021 and the announcement on the further change of use of proceeds from the global offering dated 16 July 2021 (the “**Announcement**”) of the Company. The unutilised net proceeds are approximately HK\$1,630.1 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 2022 HK\$ millions	Revised net proceeds unutilised as of 30 June 2022 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	142.0	823.4	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	3,159.6	101.8	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	39.6	430.0	On or before 31 December 2022
Working capital and general corporate purpose	10.0	521.8	246.9	274.9	On or before 31 December 2022
<b>Total</b>	<b>100.0</b>	<b>5,218.2</b>	<b>3,588.1</b>	<b>1,630.1</b>	

## **CONTINGENT LIABILITIES**

As at 30 June 2022, 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 Group did not have any other significant subsequent events after 30 June 2022 and until the date of this announcement.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2022, the Group had 42,827 employees (as at 30 June 2021: 44,102 employees). For the six months ended 30 June 2022, the total staff costs were approximately RMB2,354.1 million.

The Group has established a market-based, competitive and performance-oriented remuneration plan with reference to market standards and employee performance and contributions in order to encourage value creation of employees. 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 “Tiger Seeking Action” is conducted to attract high-calibre management and professional talents. The Company continues to improve the talent cultivation system by targeting at key talent teams, and focuses on promoting the leadership development program named “Galaxy Commander”, the professional talent improvement program named “StarLight Professional Talents” and the “teach, assist and guide” mechanism for management trainees named “Star Generation”, so as to shape the benchmark of the “Star” culture, in order to continue to optimise the organisational atmosphere of the Company and promote the growth and career development of employees.

## **INTERIM DIVIDEND**

The Board of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2022.

## **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 Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (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 has reviewed the condensed consolidated financial statements and interim results of the Group for the six months ended 30 June 2022, 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 Part 2 of 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 2022.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers 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 (the “**Supervisors**”).

The Company has made specific enquiries of all Directors and Supervisors and each of them has confirmed that they have complied with the relevant code for securities transactions during the six months ended 30 June 2022.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## RESTRICTED SHARE INCENTIVE SCHEME

As approved by the extraordinary general meeting of the Company dated 18 February 2022, the Company has adopted the “First Phase Restricted Share Incentive Scheme of Poly Property Services Co., Ltd.” (the “**Restricted Share Incentive Scheme**” or the “**Scheme**”).

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

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

Details of movements in number of Restricted Shares granted and related fair value under the Restricted Share Incentive Scheme are set out in note 17 to the condensed consolidated financial statements.

The Restricted Share Incentive Scheme is a discretionary scheme of the Company and does not constitute a share option scheme under Chapter 17 of the Listing Rules.



## **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](http://www.hkexnews.hk) and the Company's website at [www.polywuye.com](http://www.polywuye.com), respectively. The interim report of the Company for the six months ended 30 June 2022 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, 29 August 2022

*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. Zhang Liqing.*