保利®物业

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 2023

FINANCIAL SUMMARY

	Six months ended 30 June		
	2023	2022	Change
	RMB million	*RMB million*	
	(Unaudited)	(Unaudited)	
Revenue	**7,141.2**	6,449.4	Increased by 10.7%
Gross profit	**1,511.5**	1,304.9	Increased by 15.8%
Gross profit margin	**21.17%**	20.23%	Increased by 0.94 percentage points
Profit for the period	**776.8**	635.5	Increased by 22.2%
Net profit margin	**10.9%**	9.9%	Increased by 1.0 percentage point
Profit for the period attributable to owners of the Company	**763.5**	628.3	Increased by 21.5%
Basic earnings per share *(RMB)*	**1.383**	1.136	Increased by 21.7%
Cash and cash equivalents	**6,895.9**	5,223.9	Increased by 32.0%

- For the six months ended 30 June 2023 (the "**Period**"), Poly Property Services Co., Ltd. (the "**Company**" or "**Poly Property**", and together with its subsidiaries, the "**Group**" or "**we**") recorded approximately RMB7,141.2 million of revenue, representing an increase of approximately 10.7% as compared to the corresponding period of 2022. For the six months ended 30 June 2023, revenue contribution by the Group's three major business lines is as follows: (i) revenue from property management services increased by approximately 21.8% to approximately RMB4,818.1 million as compared to the corresponding period of 2022; (ii) revenue from value-added services to non-property owners decreased by approximately 3.8% to approximately RMB1,050.6 million as compared to the corresponding period of 2022; and (iii) revenue from community value-added services decreased by approximately 9.3% to approximately RMB1,272.5 million as compared to the corresponding period of 2022.

- For the six months ended 30 June 2023, the Group recorded (i) approximately RMB1,511.5 million of gross profit, representing an increase of approximately 15.8% as compared to the corresponding period of 2022, with a gross profit margin of approximately 21.17%, representing an increase of approximately 0.94 percentage points as compared to the corresponding period of 2022; (ii) approximately RMB776.8 million of profit for the Period, representing an increase of approximately 22.2% as compared to the corresponding period of 2022 with a net profit margin of approximately 10.9%, representing an increase of approximately 1.0 percentage point as compared to the corresponding period of 2022; (iii) approximately RMB763.5 million of profit for the Period attributable to owners of the Company, representing an increase of approximately 21.5% as compared to the corresponding period of 2022; and (iv) approximately RMB1.383 of basic earnings per share.

- As at 30 June 2023, the cash and cash equivalents of the Group amounted to approximately RMB6,895.9 million, representing an increase of approximately RMB1,672.0 million or approximately 32.0% as compared to that of 30 June 2022.

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 2023, together with comparative figures for the corresponding period of 2022, as follows:

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

		Six months ended 30 June	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*5*	**7,141,206**	6,449,437
Cost of services		**(5,629,689)**	(5,144,558)
Gross profit		**1,511,517**	1,304,879
Other income and other gains and losses, net	*6*	**47,419**	58,768
Selling and marketing expenses		**(7,644)**	(1,771)
Administrative expenses		**(516,256)**	(515,247)
Other expenses		**(837)**	(510)
Share of results of associates and joint venture		**1,384**	12,757
Finance costs		**(2,377)**	(2,321)
Profit before tax	*7*	**1,033,206**	856,555
Income tax expense	*8*	**(256,363)**	(221,022)
Profit for the period		**776,843**	635,533
Profit for the period attributable to:			
– Owners of the Company		**763,525**	628,305
– Non-controlling interests		**13,318**	7,228
		776,843	635,533

	Notes	Six months ended 30 June **2023** *RMB'000* (Unaudited)	2022 *RMB'000* (Unaudited)
Other comprehensive income/(expense), net of tax			
Item that will not be reclassified to profit or loss:			
Fair value gain/(loss) on equity instruments at fair value through other comprehensive income		**1,111**	(2,000)
Other comprehensive income/(expense) for the period, net of tax		**1,111**	(2,000)
Total comprehensive income for the period		**777,954**	633,533
Total comprehensive income for the period attributable to:			
– Owners of the Company		**764,636**	626,305
– Non-controlling interests		**13,318**	7,228
		777,954	633,533
Earnings per share (expressed in RMB per share)			
– Basic and diluted	*10*	**1.38**	1.14

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30 June 2023** ***RMB'000*** **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment		**232,029**	218,873
Leased assets and investment properties		**369,470**	512,476
Intangible assets	*11*	**109,777**	114,783
Interests in associates and joint venture		**14,156**	68,182
Financial assets at fair value through other comprehensive income		**–**	12,000
Prepayments for property, plant and equipment	*13*	**6,629**	10,884
Deferred tax assets		**54,564**	39,409
		786,625	976,607
Current assets			
Inventories		**37,633**	40,408
Trade and bills receivables	*12*	**2,961,538**	2,263,249
Prepayments, deposits and other receivables	*13*	**3,889,285**	872,957
Cash and cash equivalents		**6,895,924**	8,956,316
		13,784,380	12,132,930
Assets classified as held for sale		**55,410**	–
		13,839,790	12,132,930
Current liabilities			
Trade payables	*14*	**1,922,465**	1,574,871
Accruals and other payables		**2,484,222**	1,988,900
Contract liabilities		**1,582,333**	1,429,000
Lease liabilities		**32,978**	38,294
Income tax payable		**200,463**	153,997
		6,222,461	5,185,062
Net current assets		**7,617,329**	6,947,868
Total assets less current liabilities		**8,403,954**	7,924,475

	Notes	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Non-current liabilities			
Lease liabilities		**65,544**	68,921
Deferred tax liabilities		**9,857**	10,725
		75,401	79,646
Net assets		**8,328,553**	7,844,829
Share capital and reserves			
Share capital	*15*	**553,333**	553,333
Reserves		**7,606,860**	7,137,291
Equity attributable to owners of the Company		**8,160,193**	7,690,624
Non-controlling interests		**168,360**	154,205
Total equity		**8,328,553**	7,844,829

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Poly Property Services Co., Ltd. (the "**Company**") was incorporated in the People's Republic of China (the "**PRC**") on 26 June 1996 under the PRC Companies Law. On 25 October 2016, the Company was converted from a limited liability company into a joint stock company with limited liability. The address of the Company's registered office is 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 Company's immediate holding 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 Company's ultimate holding company is China Poly Group Corporation Limited, a state-owned enterprise established in the PRC.

The principal activities of the Company and its subsidiaries (collectively referred to as the "**Group**") are 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 are presented in Renminbi ("**RMB**") which is the functional currency of the Company, unless otherwise stated.

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA.

3 PRINCIPAL ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional change in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the interim condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2022.

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's interim condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial statements.

4 SEGMENT INFORMATION

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

The Group operates in the provision of property management services, value-added services to non-property owners and community value-added services and the CODM of the Company regards that there is only one segment which is used to make strategic decisions. Accordingly, no other discrete financial information is provided other than the Group's results and financial position as a whole and only entity-wide disclosures and geographical information are presented.

Geographical information

The major operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group's revenue was derived in the PRC during the six months ended 30 June 2023 and 2022.

As at 30 June 2023 and 31 December 2022, all of the non-current assets were located in the PRC.

5 REVENUE

Revenue mainly comprises of proceeds from providing property management services, value-added services to non-property owners and community value-added services. The disaggregation of the Group's revenue by category for the six months ended 30 June 2023 and 2022 was as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of goods or services		
Property management services	**4,818,132**	3,954,900
Value-added services to non-property owners		
– Pre-delivery services and other value-added services to non-property owners	**852,603**	892,129
Community value-added services	**1,272,451**	1,402,296
Revenue from contracts with customers	**6,943,186**	6,249,325
Value-added services to non-property owners		
– Rental income	**198,020**	200,112
Total	**7,141,206**	6,449,437

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
Property management services		
– Over time	**4,818,132**	3,954,900
Value-added services to non-property owners		
– Over time	**852,603**	892,129
– Over the lease term	**198,020**	200,112
Community value-added services		
– Over time	**889,992**	817,947
– At a point in time	**382,459**	584,349
Total	**7,141,206**	6,449,437

6 OTHER INCOME AND OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income:		
Bank interest income	**30,551**	24,674
Other interest income *(Note (a))*	**1,050**	10,054
Government grants and tax incentives *(Note (b))*	**39,658**	37,283
Penalty income	**4,991**	3,606
Others	**166**	130
	76,416	75,747
Other gains and losses, net:		
Loss on modification of lease contracts, net	**(6)**	(64)
Loss on disposal of property, plant and equipment, net	**(314)**	(146)
Impairment loss on trade and bills receivables	**(29,825)**	(30,700)
(Impairment loss)/reversal of impairment loss on deposits and other receivables	**(2,536)**	1,284
Exchange gain, net	**3,684**	13,479
Change in fair value of equity payable at fair value through profit and loss	**–**	(832)
	(28,997)	(16,979)
	47,419	58,768

Notes:

(a) Other interest income mainly arose from the deposits maintained with a fellow subsidiary of the Company, Poly Finance Company Limited ("**Poly Finance**").

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

7 PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**43,793**	35,199
Depreciation of leased assets and investment properties	**143,006**	142,992
Amortisation of intangible assets (including in "**Cost of services**")	**5,006**	5,339
	191,805	183,530
Short-term leases expenses	**17,854**	23,293
Finance costs – interest on lease liabilities	**2,377**	2,321
Cost of goods sold	**338,903**	541,775
Staff costs (including director's emoluments):		
– Salaries and bonus	**1,950,404**	2,030,356
– Pension costs, housing funds, medical insurances and other social insurances	**315,869**	318,397
– Equity-settled share-based expenses	**19,173**	5,329
	2,285,446	2,354,082

8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax – PRC Enterprise Income Tax ("**EIT**")	**272,386**	230,804
Deferred tax	**(16,023)**	(9,782)
	256,363	221,022

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 2023 and 2022.

The PRC EIT represents tax charged on the estimated assessable profits arising in the PRC. In general, the Group's subsidiaries operating in the PRC are subject to PRC EIT rate of 25% (six months ended 30 June 2022: 25%), except for certain subsidiaries which are entitled to preferential tax rates, as determined in accordance with the relevant tax rules and regulations in the PRC.

9 DIVIDENDS

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

During the six months ended 30 June 2023, final dividend of RMB278,326,700 (tax inclusive) in respect of 2022 was declared and paid in July 2023.

No interim dividend was declared for the six months ended 30 June 2023 and 2022.

10 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to owners of the Company	**763,525**	628,305

	Six months ended 30 June	
	2023	2022
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share *(Note)*	**551,995**	553,125

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 2023, 1,000,000 shares were purchased by an independent trustee appointed by the Group from the secondary market. During the six months ended 30 June 2022, 1,070,600 shares were purchased by an independent trustee appointed by the Group from the secondary market *(Note 16)*.

Given that vesting conditions of restricted shares are subject to achievement of financial performance of the Company and individual performance assessment of participants over the contingency period and the restricted shares have not been vested as at 30 June 2023 and 2022, there was no dilutive effect on shares arising from the restricted share incentive scheme for the six months ended 30 June 2023 and 2022.

11 INTANGIBLE ASSETS

	Property management contracts *RMB'000*	Goodwill *RMB'000*	Total *RMB'000*
COST			
At 1 January 2022 (Audited), 31 December 2022 (Audited), 1 January 2023 (Audited) and 30 June 2023 (Unaudited)	88,000	64,897	152,897
ACCUMULATED AMORTISATION			
At 1 January 2022 (Audited)	27,771	–	27,771
Amortisation	10,343	–	10,343
At 31 December 2022 (Audited) and 1 January 2023 (Audited)	38,114	–	38,114
Amortisation	5,006	–	5,006
At 30 June 2023 (Unaudited)	43,120	–	43,120
NET CARRYING VALUE			
At 30 June 2023 (Unaudited)	44,880	64,897	109,777
At 31 December 2022 (Audited)	49,886	64,897	114,783

12 TRADE AND BILLS RECEIVABLES

	As at 30 June 2023 ***RMB'000*** **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Trade receivables		
– Related parties	**681,564**	620,170
– Third parties	**2,399,679**	1,733,871
	3,081,243	2,354,041
Less: allowances for credit losses	**(120,690)**	(90,865)
	2,960,553	2,263,176
Bills receivables	**985**	73
	2,961,538	2,263,249

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

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

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

	As at 30 June 2023 *RMB'000* (Unaudited)	As at 31 December 2022 *RMB'000* (Audited)
Within one year	**2,826,521**	2,180,490
One to two years	**118,959**	81,704
Over two years	**16,058**	1,055
	2,961,538	2,263,249

All bills received by the Group are with a maturity period of less than one year.

13 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2023 *RMB'000* (Unaudited)	As at 31 December 2022 *RMB'000* (Audited)
Prepayments		
– Prepayments for property, plant and equipment	**6,629**	10,884
– Prepayments to suppliers *(Note (a))*	**111,181**	93,060
	117,810	103,944
Deposits and other receivables		
– Deposits *(Note (b))*	**3,166,086**	155,386
– Payments on behalf of property owners	**586,980**	560,924
– Interest receivables *(Note (c))*	**11,054**	7,457
– VAT receivables	**6,231**	60,451
– Others	**48,171**	33,561
	3,818,522	817,779
Less: allowances for credit losses	**(40,418)**	(37,882)
	3,778,104	779,897
	3,895,914	883,841

	As at 30 June 2023 *RMB'000* (Unaudited)	As at 31 December 2022 *RMB'000* (Audited)
Analysed for reporting purposes:		
Non-current portion	**6,629**	10,884
Current portion	**3,889,285**	872,957
	3,895,914	883,841

Notes:

(a) As at 30 June 2023 and 31 December 2022, included in the balance are prepayment for rental expenses to Poly Developments and Holdings and its subsidiaries (collectively referred to as "**Poly Developments and Holdings Group**"), which amounted to RMB618,000 and RMB1,348,000 respectively.

(b) As at 30 June 2023, the balance mainly represented deposit of RMB3,000,000,000 (31 December 2022: 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 continuing connected transaction, please refer to the announcement dated 16 July 2021 and the circular dated 26 August 2021 of the Company.

(c) As at 30 June 2023 and 31 December 2022, included in the balance are the interest receivable from the deposit maintained with a fellow subsidiary which amounted to RMB46,000 and RMB264,000 respectively. Please refer to *Note 6(a)* for further details.

14 TRADE PAYABLES

	As at 30 June 2023 *RMB'000* (Unaudited)	As at 31 December 2022 *RMB'000* (Audited)
Related parties	**85,295**	107,930
Third parties	**1,837,170**	1,466,941
	1,922,465	1,574,871

Most of the credit period on purchase of goods and services provided from suppliers is 30 to 90 days.

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

	As at 30 June 2023 *RMB'000* (Unaudited)	As at 31 December 2022 *RMB'000* (Audited)
Within one year	**1,888,036**	1,524,624
One to two years	**30,314**	46,924
Over two years	**4,115**	3,323
	1,922,465	1,574,871

15 SHARE CAPITAL

	Domestic shares		Listed H shares		Total	
	Number	Amount	Number	Amount	Number	Amount
	'000	*RMB'000*	*'000*	*RMB'000*	*'000*	*RMB'000*
Registered, issued and fully paid:						
1 January 2022 (Audited), 31 December 2022 (Audited), 1 January 2023 (Audited) and 30 June 2023 (Unaudited)	400,000	400,000	153,333	153,333	553,333	553,333

The shares mentioned above rank pari passu in all respects with each other.

16 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 restricted share incentive scheme (the "**Scheme**"), with a duration of 10 years. Under the Scheme, the Company may grant restricted shares to qualified participants ("**Scheme Participants**"), subject to the fulfilment of certain performance conditions and service conditions.

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

On 26 April 2022 ("**First Grant Date**"), the Board approved to implement the initial grant pursuant to the Scheme. The first tranche of 4,282,400 restricted shares were actually granted at a grant price of HK$25.71 per share. The fair value of the shares granted on the First Grant Date was determined based on the difference between the closing price on grant date and grant price as HK$24.94 per share.

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

The following table discloses movements in number of restricted shares granted for the six months ended 30 June 2023 and year ended 31 December 2022:

	Number of restricted shares
At 1 January 2022 (Audited)	–
Granted during the year	4,282,400
At 31 December 2022 (Audited) and 1 January 2023 (Audited)	4,282,400
Granted during the period	770,800
Lapsed during the period	(27,200)
At 30 June 2023 (Unaudited)	5,026,000

As instructed by the Board, a trustee (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 the Scheme.

During the year ended 31 December 2022, the Trustee has purchased 1,070,600 H shares at a total cash consideration of RMB45,912,000 (calculated at the exchange rate on the date of purchase), which was debited to the equity of the Company.

During the six months ended 30 June 2023, the Trustee has purchased 1,000,000 H shares at a total cash consideration of RMB35,913,000 (calculated at the exchange rate on the date of purchase), which was debited to the equity of the Company.

Movements of shares held by the Trustee under the Scheme were as follows:

	Number of restricted shares	Amount *RMB'000*
At 1 January 2022 (Audited)	–	–
Shares purchased during the year	1,070,600	45,912
At 31 December 2022 (Audited) and 1 January 2023 (Audited)	1,070,600	45,912
Shares purchased during the period	1,000,000	35,913
At 30 June 2023 (Unaudited)	2,070,600	81,825

The Group recognised the total share-based payment expense of RMB19,173,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: RMB5,329,000) in relation to restricted shares granted by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading comprehensive property management service provider in China with extensive property management scale and central state-owned enterprise background. According to the ranking of 2023 Top 100 Property Management Companies in China by the China Index Academy, the Group ranked third among the Top 100 Property Management Companies in China and first in terms of service scale among the property management companies with central state-owned enterprise background. The Group adheres to our corporate mission of "to serve the people by managing and achieving" (善治善成，服務民生), and is committed to providing customers with quality services that meet the needs of a better life, and has won a good reputation in the industry. Our brand was valued at about RMB20.1 billion in 2022. The Group has actively pushed forward the "Comprehensive Property" strategy and its business portfolio covers residential communities, commercial and office buildings and public and other properties. As at 30 June 2023, the Group's contracted gross floor area ("**GFA**") and GFA under management was approximately 842.4 million sq.m. and 650.5 million sq.m. respectively, covering 209 cities across 28 provinces, municipalities and autonomous regions in China.

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

Property management services – representing approximately 67.5% of the total revenue

For the six months ended 30 June 2023, the Group's revenue from property management services amounted to approximately RMB4,818.1 million, representing an increase of approximately 21.8% as compared to the corresponding period of 2022, 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 2023 Contracted GFA '000 sq.m.	2023 Percentage of contracted GFA %	2023 Number of contracted projects	2022 Contracted GFA '000 sq.m.	2022 Percentage of contracted GFA %	2022 Number of contracted projects
Poly Developments and Holdings Group *(Note 1)*	**322,759**	**38.3**	**1,467**	296,667	40.6	1,307
Third parties *(Note 2)*	**519,644**	**61.7**	**1,363**	434,885	59.4	1,268
Total	**842,403**	**100.0**	**2,830**	731,552	100.0	2,575

Note 1: The related information of "Poly Developments and Holdings Group" set out in the section headed "Management Discussion and Analysis" in this announcement includes 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.

The Group continues to benefit from the steady development of and support from Poly Developments and Holdings Group, its controlling shareholder, and has achieved high-quality and stable business growth. Poly Developments and Holdings Group has been awarded the title of "Leading Brand in China's Real Estate Industry (中國房地產行業的領導公司品牌)" for 13 consecutive years. During the Period, Poly Developments and Holdings Group realised a contracted sales amount of RMB236,821 million, ranked first in the industry. As at 30 June 2023, the contracted GFA from Poly Developments and Holdings Group was approximately 322.8 million sq.m..

The Group takes customer needs as the core, keeps improving customer satisfaction and service efficiency, and continuously enhances the market competitiveness. During the Period, the Group's single-year contract value of newly expanded projects from third parties amounted to approximately RMB1,389.6 million and the single-year contract value of projects newly signed from third parties amounted to approximately RMB1,286.3 million (excluding renewed projects). As at 30 June 2023, the contracted GFA of projects from third parties reached approximately 519.6 million sq.m., representing an increase of approximately 61.3 million sq.m. as compared to the contracted GFA as at 31 December 2022, and accounted for approximately 61.7% of the total contracted GFA.

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

	For the six months ended 30 June or as at 30 June									
	2023					2022				
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	**2,849,523**	**59.1**	**238,430**	**36.7**	**1,137**	2,468,530	62.4	200,797	38.4	950
Third parties	**1,968,609**	**40.9**	**412,034**	**63.3**	**1,093**	1,486,370	37.6	322,295	61.6	960
Total	**4,818,132**	**100.0**	**650,464**	**100.0**	**2,230**	3,954,900	100.0	523,092	100.0	1,910

Over the years, the Group has focused on the forging of market-oriented capabilities, and has continuously strengthened the engine function of market expansion and development. As at 30 June 2023, the GFA under management of projects from third parties reached approximately 412.0 million sq.m., representing an increase of approximately 59.0 million sq.m. as compared to the GFA under management at the end of 2022, and accounted for approximately 63.3% of the total GFA under management. For the six months ended 30 June 2023, revenue from property management services to third parties amounted to approximately RMB1,968.6 million, representing a significant increase of approximately 32.4% as compared to the corresponding period of 2022 and accounting for approximately 40.9% of the total revenue from property management services, representing a year-on-year increase of approximately 3.3 percentage points.

The Group adheres to the high-quality development orientation, continuously improves the quality of expansion projects, and focuses on the deep cultivation of core cities, core business portfolios and high-quality resources. The Group adheres to the strategy of deep cultivation of cities. Based on the potential of cities and the distribution of resources of the Group, we focused on the expansion of 48 key cities whose single-year contract value of newly signed projects accounted for approximately 80.8% of the total during the Period, which further increased the density of projects in core areas and helped optimize the scale effect and cost effectiveness within the area. At the same time, under the guidance of the "Comprehensive Property" strategy, the Group focused on the development of non-residential business portfolios, and accelerated market expansion in the sectors of commercial and office buildings, public and other non-residential properties. The single-year contract value of newly signed projects from the third-party non-residential business achieved a share of approximately 83.8% of the total during the Period. Among them, the Group put great effort in the three major advantageous business portfolios in the public property sector, namely urban scenic areas, higher education and teaching and research properties, as well as rail and transportation properties, in which the newly signed contract value accounted for approximately 51.7% of the total of the public and other properties sectors. During the Period, the Group continued to explore key resources and quality clients, focusing on clients with state-owned background in commercial office sectors and quality resources in subsectors such as finance, communications, energy, technology, etc., to enhance project quality and single-contract contribution. During the Period, the Group secured 33 projects with single-year contract value exceeding RMB10 million, with single-year contract value newly signed accounting for approximately 47.3% of the total.

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

	For the six months ended 30 June or as at 30 June									
	2023					2022				
Source of projects	**Revenue**		**GFA under management**		**Number of projects under management**	Revenue		GFA under management		Number of projects under management
	RMB'000	*%*	*'000 sq.m.*	*%*		*RMB'000*	*%*	*'000 sq.m.*	*%*	
Residential communities	**2,835,990**	**58.9**	**269,687**	**41.5**	**1,293**	2,415,410	61.1	229,707	43.9	1,077
Non-residential properties	**1,982,142**	**41.1**	**380,777**	**58.5**	**937**	1,539,490	38.9	293,385	56.1	833
– Commercial and office buildings	**757,882**	**15.7**	**23,133**	**3.5**	**304**	604,552	15.3	17,634	3.4	264
– Public and other properties	**1,224,260**	**25.4**	**357,644**	**55.0**	**633**	934,938	23.6	275,751	52.7	569
Total	**4,818,132**	**100.0**	**650,464**	**100.0**	**2,230**	3,954,900	100.0	523,092	100.0	1,910

For residential communities, the Group has established three major property service brands namely, "Oriental Courtesy", "Elegant Life" and "Harmony Courtyard", to meet the living needs of different customer groups. Taking the three pillars of safety, intelligence and co-construction as the foundation of property services, the Group continues to build a residential product service system, while focusing on three major dimensions such as convenient services, community atmosphere and community culture, so as to provide services for a better life for all ages. As at 30 June 2023, the GFA under management of the Group in the residential communities was approximately 269.7 million sq.m.. For the six months ended 30 June 2023, the Group's revenue of property management services from residential communities was approximately RMB2,836.0 million, representing an increase of approximately 17.4% as compared to the corresponding period of 2022.

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 core service concept of "scenario operation", all for the aim of developing a leading brand for commercial and office services with state-owned background. The Group focuses on first-tier and second-tier core cities to devote more resources to expand key customer base within sub-sectors such as the banking system, tele-communication industry and technology corporations, and has built up advantages in tailor-made service offerings. During the Period, the single-year contract value of commercial and office buildings newly entered into by the Group amounted to approximately RMB388.1 million, and those iconic projects newly explored include CDB Capital Office Building in Beijing, Chengdu Bailuwan Science and Technology Eco Park Kechuang Center I, Baiyun Financial Building in Guangzhou, etc.. As at 30 June 2023, the GFA under management of the Group in the commercial and office buildings was approximately 23.1 million sq.m.. For the six months ended 30 June 2023, the Group's revenue of property management services from commercial and office buildings was approximately RMB757.9 million, representing an increase of approximately 25.4% as compared to the corresponding period of 2022.

For public and other properties, the Group has established the property service brand of "Poly Public Services", covering a number of sub-sectors such as urban scenic areas, higher education and teaching and research properties, railways and transportation properties, hospitals, government offices and urban public facilities, provided multiple basic services for general public infrastructure and professional service for industry sub-sectors, and formed a holistic service ecology characterised by integrated governance at the basic level and with the advantage of one-stop response and integrated management. Leveraging on years of exploration and practice, the Group has comprehensively introduced the innovative concept of holistic service governance, iteratively upgraded the "holistic flywheel" model, started from polishing the city's signature, upgraded its public service product system of "One Core, Four Methods and Nine Scenarios", and consolidated the competitive power of its holistic services. The Group has successfully built a number of city's signature projects, including Xitang Ancient Town Scenic Area, Canton Tower Scenic Area, Guangzhou Haizhu Wetland Scenic Area, etc., to promote governance atmosphere of benevolent governance, premium housing, prosperity and harmonious development.

For the six months ended 30 June 2023, the single-year contract value of public and other property projects newly signed by the Group was approximately RMB689.6 million, and those key projects explored include Shanghai Bund Sightseeing Tunnel, Shanghai Metro Line No. 17, Shanghai University of International Business and Economics, the environmental sanitation integration project of Guanglu Island in Dalian and Tianjin Nankai Hospital, etc. The Group's revenue from public and other properties for the six months ended 30 June 2023 was approximately RMB1,224.3 million, representing an increase of approximately 30.9% as compared to the corresponding period of 2022, and accounted for approximately 25.4% of the total revenue from property management services, representing an increase of approximately 1.8 percentage points in revenue share as compared to the same period in 2022.

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 remained stable and was on an increasing trend.

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

	For the six months ended 30 June		
	2023	2022	Changes
	(RMB/sq.m./month)		*(RMB)*
Residential communities	**2.29**	2.25	Increased by 0.04
– Poly Developments and Holdings Group	**2.40**	2.34	Increased by 0.06
– Third parties	**1.78**	1.78	Remained flat

Value-added services to non-property owners – representing approximately 14.7% 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; (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:

	For the six months ended 30 June			
Service Type	**2023**		2022	
		Percentage of revenue		*Percentage of revenue*
	RMB'000	***%***	*RMB'000*	*%*
Pre-delivery services	**579,115**	**55.1**	642,847	58.9
Office leasing	**198,020**	**18.9**	200,112	18.3
Other value-added services to non-property owners	**273,488**	**26.0**	249,282	22.8
Total	**1,050,623**	**100.0**	1,092,241	100.0

For the six months ended 30 June 2023, the Group's revenue from value-added services to non-property owners amounted to approximately RMB1,050.6 million, representing a decrease of approximately 3.8% as compared to the corresponding period of 2022, which is mainly due to the decrease in the number of pre-delivery service projects provided by the Group. During the Period, the rental income of office buildings and income from other value-added services to non-property owners were relatively stable.

Community value-added services – representing approximately 17.8% of the total revenue

The Group provides community value-added services to property owners, including (i) community asset operation services, which centering on property owners' community assets, integrating services such as move-in and furnishing services, parking space agency sales services and house rental and sales brokerage, giving full play to the advantages of property scenarios and industrial synergy, providing owners with integrated asset trading and operation services; and (ii) community living services and others, which covers community retail, housekeeping services, parking lot services, space operations and other services, focusing on the community scenario and the living needs of the owners, providing owners with diverse convenience services to improve the convenience and satisfaction of the owners' livelihood.

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

	For the six months ended 30 June			
Service Type	**2023**		2022	
		Percentage of revenue		Percentage of revenue
	RMB'000	***%***	*RMB'000*	*%*
Community asset operation services	**397,087**	**31.2**	379,871	27.1
Community living services and others	**875,364**	**68.8**	1,022,425	72.9
Total	**1,272,451**	**100.0**	1,402,296	100.0

The Group's revenue from community value-added services for the six months ended 30 June 2023 was approximately RMB1,272.5 million. Of which, revenue from community asset operation services was approximately RMB397.1 million, representing a year-on-year increase of approximately 4.5%, which was mainly attributable to the growth in the scale of assets serviced by the Group and the broadening of the business scope of agency services for housing rental and sales, etc.; revenue from community living services and others amounted to approximately RMB875.4 million, representing a year-on-year decrease of approximately 14.4%, which was mainly attributable to the partial changes in consumer demand and product services of community retailing, housekeeping services and other doorstep businesses.

Future Development

As a fundamental and people-oriented service industry, the property management and service industry has provided active support to community security, commercial services and public governance amid the fluctuation in economic development, demonstrating credible resilience and stability. With the implementation of a series of supportive economic policies, the industry is also expected to meet with new development opportunities in areas such as old city transformation, urban and community services. We will take "capturing market share, maintaining high quality and enhancing operation efficiency" as our main workstream, build up our core competitiveness and focus on the concept of high-quality development, accelerate the increase in market share, and continue our efforts in strengthening our professional service capability and lean management capability, so as to promote the Group's development in a high-quality manner.

Focusing on high-quality expansion to further enhance the density of expansion

We are firmly committed to the promotion of the "Comprehensive Property" strategy. Based on our edge in service scale, experience in diversified business portfolios and ability to differentiate our products, and relying on our nationwide business network, we aim to further enhance the density of our project development and build a core projects cluster. We will select key cities and regions with signature projects as an entry point, and focus our efforts on linking up with our dominant businesses such as in residential area, townships and scenic spots, state-owned and commercial office projects, etc., so as to accelerate the expansion of our regional projects, realise the integration of services of multiple business portfolios and multiple scenarios, as well as to establish a business system with enhanced depth of service, and promote the Group's high-quality expansion and upgrade.

Enhance the advantages of scenario services to build the core competitiveness of community value-added services

We will focus on the establishment of core competitiveness of the industry of community value-added services and products and promote the verticalisation and specialisation of our industrial capabilities. Firstly, we will optimise product design, focus on property owners' needs in community living and asset management services, and give full play to our service advantages in terms of the scenario of location of our properties, so as to create products with better price/performance ratios, timeliness and service exclusivity, and to satisfy the differentiated needs of owners. Secondly, we will focus on enhancing property owners' service experience, enhance our exploration of grasping customers' needs, optimising our product portfolio, perfecting the marketing channels and innovating the service model, and accelerate the construction of the convenient community living circles, so as to enhance the convenience and sense of well-being of property owners. Thirdly, we will optimise organisational and institutional safeguards, upgrade our organisational structure and management and control system to better suit the characteristics of our business development, optimise the synergy of spaces and personnel, and enhance the construction and application of information tools to improve the synergy, professionalism and timeliness of our community value-added services.

Being customer-oriented to enhance customer satisfaction and perception of our quality service

Quality construction is an important sector of the Group's high-quality development and we advocate promoting development and efficiency with quality improvement. We will be closer to our customers' service needs and be more precise and effective in service design. We will optimise the quality service system, improve the customer experience evaluation system and strengthen customer satisfaction surveys and research, surrounding the improvement of customer service perception and focusing on customer feedback to promote quality advancement. At the same time, we will improve and upgrade our service standards across our complete business portfolio, strive to build benchmarking projects for our complete business portfolio, accelerate the deposition, extraction and promotion of experience from the benchmarking projects, and give full play to the consulting and supervisory functions of our team of quality consultants and experts, so as to promote the quality of our projects as a whole.

Carry out continuous management innovation to realise overall lean and efficiency-enhanced operations

With the expansion of business scale, the importance of lean operation management to the sustainable development of enterprises has become more and more prominent. We will continuously strengthen the Group's innovative and lean management in cost management, organisation and talents and digital application. In terms of lean management of costs, we will deepen the comprehensive budgeting system and full-cycle cost control of projects, enhance the precision of project cost management and continue to improve the scientific and intensive nature of cost management based on our project experience and cost data. In terms of organisation and talents, we will broaden the channels for talent introduction, increase the introduction of talents in key positions and continue to optimise the incentive mechanism and organisational form to cater for the cross-region, cross-business-portfolio business and cross-industrial development. In terms of the application of digital tools, we will accelerate the iterative upgrade of digital tools and applications for intelligent residential areas, digital commercial and office buildings and intelligent public services to empower the effective and detailed management and control of our business, and promote the integration and in-depth development of digital tools and business 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				
	2023		2022		
		Percentage of revenue		Percentage of revenue	Growth rate
	RMB'000	*%*	*RMB'000*	*%*	*%*
Property management services	**4,818,132**	**67.5**	3,954,900	61.3	21.8
Value-added services to non-property owners	**1,050,623**	**14.7**	1,092,241	16.9	-3.8
Community value-added services	**1,272,451**	**17.8**	1,402,296	21.8	-9.3
Total	**7,141,206**	**100.0**	6,449,437	100.0	10.7

For the six months ended 30 June 2023, total revenue of the Group amounted to approximately RMB7,141.2 million (for the six months ended 30 June 2022: approximately RMB6,449.4 million), representing an increase of approximately 10.7% as compared to the corresponding period of 2022. This was primarily attributable to the increase in revenue driven by the continuous increase in the management scale of the Group.

Cost of services

During the Period, the cost of services of the Group amounted to approximately RMB5,629.7 million (for the six months ended 30 June 2022: approximately RMB5,144.6 million), representing an increase of approximately 9.4% as compared to the corresponding period of 2022. The increase in the cost of services was mainly due to the corresponding increase in subcontracting costs and utilities costs as a result of an increase of the GFA under management and number of projects under the management of the Group.

Gross profit and gross profit margin

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

	Six months ended 30 June					
	2023			2022		
	Gross profit	**Percentage of gross profit**	**Gross profit margin**	Gross profit	Percentage of gross profit	Gross profit margin
	RMB'000	***%***	***%***	*RMB'000*	*%*	*%*
Property management services	**820,751**	**54.3**	**17.03**	654,142	50.1	16.54
Value-added services to non-property owners	**205,661**	**13.6**	**19.58**	203,484	15.6	18.63
Community value-added services	**485,105**	**32.1**	**38.12**	447,253	34.3	31.89
Total	**1,511,517**	**100.0**	**21.17**	1,304,879	100.0	20.23

For the six months ended 30 June 2023, the Group's gross profit was approximately RMB1,511.5 million, representing an increase of approximately 15.8% as compared to approximately RMB1,304.9 million of the corresponding period of 2022. The Group's gross profit margin increased from approximately 20.23% for the corresponding period of 2022 to approximately 21.17%.

For the six months ended 30 June 2023, the Group's gross profit margin for property management services was approximately 17.03% (for the six months ended 30 June 2022: approximately 16.54%), representing a slight increase of approximately 0.49 percentage points as compared to the corresponding period of 2022.

For the six months ended 30 June 2023, the Group's gross profit margin for value-added services to non-property owners was approximately 19.58% (for the six months ended 30 June 2022: approximately 18.63%), representing a slight increase of approximately 0.95 percentage points as compared to the corresponding period of 2022.

For the six months ended 30 June 2023, the Group's gross profit margin for community value-added services was approximately 38.12% (for the six months ended 30 June 2022: approximately 31.89%), representing an increase of approximately 6.23 percentage points as compared to corresponding period of 2022.

Other income and other gains and losses, net

For the six months ended 30 June 2023, other income and other gains and losses, net was approximately RMB47.4 million, representing a decrease of approximately 19.3% as compared to approximately RMB58.8 million for the six months ended 30 June 2022. This was primarily due to the decrease in net exchange gain recognised in respect of changes in foreign exchange rates.

Administrative expenses

For the six months ended 30 June 2023, the total administrative expenses of the Group was approximately RMB516.3 million, representing an increase of approximately 0.2% as compared to approximately RMB515.2 million for the six months ended 30 June 2022. The administrative expenses of the Group accounted for approximately 7.2% (for the six months ended 30 June 2022: approximately 8.0%) of the total revenue, representing a decrease as compared to the corresponding period of 2022.

Profit for the Period

For the six months ended 30 June 2023, the profit for the Period of the Group was approximately RMB776.8 million, representing an increase of approximately 22.2% as compared to approximately RMB635.5 million of the corresponding period of 2022. The profit for the Period attributable to owners of the Company was approximately RMB763.5 million, representing an increase of approximately 21.5% as compared to approximately RMB628.3 million of the corresponding period of 2022. The net profit margin was approximately 10.9%, representing an increase of approximately 1.0 percentage points as compared to the corresponding period of 2022.

Current assets, reserves and capital structure

For the six months ended 30 June 2023, the Group maintained a sound financial position. As at 30 June 2023, the current assets amounted to approximately RMB13,839.8 million, representing an increase of approximately 14.1% as compared to approximately RMB12,132.9 million as at 31 December 2022. As at 30 June 2023, the cash and cash equivalents of the Group amounted to approximately RMB6,895.9 million, representing an decrease of approximately 23.0% as compared to approximately RMB8,956.3 million as at 31 December 2022, primarily due to the Group's deployment of funds into the asset operation business and value-added business with higher utilisation efficiency. As at 30 June 2023, the gearing ratio of the Group was approximately 43.1%, representing an increase of approximately 2.9 percentage points as compared to approximately 40.2% as at 31 December 2022. Gearing ratio represents the ratio of total liabilities over total assets.

As at 30 June 2023, the Group's total equity was approximately RMB8,328.6 million, representing an increase of approximately RMB483.8 million or approximately 6.2% as compared to approximately RMB7,844.8 million as at 31 December 2022, 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 2023, the Group's property, plant and equipment amounted to approximately RMB232.0 million, representing an increase of approximately RMB13.1 million as compared to approximately RMB218.9 million as at 31 December 2022, 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 2023, the Group's leased assets and investment properties amounted to approximately RMB369.5 million, representing a decrease of approximately RMB143.0 million as compared to approximately RMB512.5 million as at 31 December 2022, which was mainly attributable to 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 2023, the Group's intangible assets amounted to approximately RMB109.8 million, representing a decrease of approximately RMB5.0 million as compared to approximately RMB114.8 million as at 31 December 2022, which was primarily due to the amortisation of property management contracts.

Trade and bills receivables

As at 30 June 2023, trade and bills receivables amounted to approximately RMB2,961.5 million, representing an increase of approximately RMB698.3 million as compared to approximately RMB2,263.2 million as at 31 December 2022, which was primarily due to (i) the increase in trade receivables as a result of the expansion of GFA under management and the increase in the number of projects of the Group; and (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.

Prepayments, deposits and other receivables

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

As at 30 June 2023, prepayments, deposits and other receivables amounted to approximately RMB3,889.3 million, representing an increase of approximately RMB3,016.3 million as compared to approximately RMB873.0 million as at 31 December 2022. This was mainly due to the deposits of RMB3 billion paid for the commencement of parking space leasing and sales agency services with Poly Developments and Holdings Group, which will be recovered in December 2023 according to the contract.

Trade payables

As at 30 June 2023, trade payables amounted to approximately RMB1,922.5 million, representing an increase of approximately 22.1% as compared to approximately RMB1,574.9 million as at 31 December 2022, which was primarily due to 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) deposits; (ii) temporary receipts from property owners; (iii) other tax payables; (iv) salary payables; and (v) dividend payables.

As at 30 June 2023, accruals and other payables amounted to approximately RMB2,484.2 million, representing an increase of approximately 24.9% as compared to approximately RMB1,988.9 million as at 31 December 2022. It was mainly due to the fact that (i) as at 30 June 2023, dividend payables amounted to approximately RMB278.3 million (31 December 2022: nil), which was the declared annual dividends for the year of 2022, have not been paid yet as at 30 June 2023; (ii) the increase in deposits payable to property owners in relation to fitting-out; and (iii) the increase in temporary receipts from property owners.

Borrowings

As at 30 June 2023, the Group had no borrowings or bank loans.

PLEDGE OF ASSETS

As at 30 June 2023, the Group had no pledge of assets.

SIGNIFICANT INVESTMENT, MAJOR ACQUISITION AND DISPOSAL AND FUTURE PLANS

The Group had no significant investment, major acquisition and disposal 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 Company's announcement on the update status of the expected timetable on the use of proceeds dated 30 December 2022, the Group did not have any special plans on significant investments, major acquisitions and disposals.

PROCEEDS FROM THE LISTING

The H shares of the Company (the "**H Shares**") were successfully listed on The Stock Exchange of Hong Kong Limited (the "**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 2023, the Group has used approximately HK$3,865.8 million of the proceeds. Such used proceeds were allocated and used in accordance with the use of proceeds as set out in the prospectus dated 9 December 2019, the announcement on the change of use of proceeds from the global offering dated 1 April 2021, the announcement on the further change of use of proceeds from the global offering dated 16 July 2021, and the announcement on the update status of the expected timetable on the use of proceeds dated 30 December 2022 (the "**Announcement**") of the Company. The unutilised net proceeds are approximately HK$1,352.4 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:

Use of the net proceeds as stated in the Announcement	**Percentage of net proceeds as stated in the Announcement** %	**Net proceeds for planned use as stated in the Announcement** *HK$ millions*	**Net proceeds actually utilised as of 30 June 2023** *HK$ millions*	**Net proceeds unutilised as of 30 June 2023** *HK$ millions*	**Expected timetable for utilising the unutilised net proceeds**
To pursue selective strategic investment and acquisition opportunities and to further develop strategic alliances and expand the scale of the Group's property management and value-added services businesses, which include acquiring or investing in companies engaged in businesses related to property management or value-added services, or forming joint ventures with such companies, and investing in related industrial funds with business collaborative partners	18.5	965.4	144.8	820.6	On or before 31 December 2024
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	3,234.4	27.0	On or before 31 December 2024
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	56.0	413.7	On or before 31 December 2024
Working capital and general corporate purposes	10.0	521.8	430.6	91.2	On or before 31 December 2024
Total	100.0	5,218.2	3,865.8	1,352.4	

Notes: For the avoidance of doubt, any discrepancy between the total and the sum of the respective amounts shown in the tables is due to rounding.

CONTINGENT LIABILITIES

As at 30 June 2023, the Group did not have any significant contingent liabilities.

FOREIGN EXCHANGE RISK

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

SUBSEQUENT EVENTS

The Group did not have any other significant subsequent events after 30 June 2023 and until the date of this announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, the Group had 37,377 employees (as at 30 June 2022: 42,827 employees). For the six months ended 30 June 2023, the total staff costs was approximately RMB2,285.4 million.

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

EMPLOYEE TRAINING AND DEVELOPMENT

The Group places a strong emphasis on recruiting personnel and provides employees with continuous training programmes and career development opportunities. In line with the strategy and organisational upgrade of the Company, a recruitment campaign for key positions named “chief level – phase II” has been rolled out to attract high-calibre management and professional talents internally and externally. The Company continues to refine the talent cultivation system by targeting at key talent teams, focuses on promoting the leadership development program named “Galaxy Commander” and the professional talent improvement program named “StarLight Professional Talents”, and to upgrade the talent management system for key roles and promote the scientific management of key talents. This is also to shape the benchmark of the “Star” culture 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 2023.

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 delegated 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 fulfil its responsibility for 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 2023, 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 2023.

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 ("**Supervisors**").

The Company has made specific enquiries of all Directors and Supervisors and 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 2023.

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

During the six months ended 30 June 2023, 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**"), which shall be valid and effective for a term of ten years.

The Restricted Share Incentive Scheme aims at (i) improving the corporate governance structure of the Company, establishing and enhancing the common interests of employees, shareholders and the Company as a whole; (ii) establishing benefits and risk sharing mechanisms, avoiding short-term behaviours, promoting the Company's performance improvement and facilitating the long-term stable development of the Company; (iii) effectively attracting, retaining and motivating the core staff necessary for the development of the Company, stimulating the morale of employees and reinforcing the talent base for the long-term sustainable development of the Company. The Scheme Participants include Directors (excluding independent non-executive Directors), senior management, and the cadre of management and technical personnel who 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 according to the Restricted Share Incentive Scheme and approved the first tranche of grant under the Initial Grant. On 20 January 2023, the Board approved the second tranche of grant (the "**Reserved 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, 26 April 2022 and 20 January 2023 as well as the poll results of the extraordinary general meeting dated 18 February 2022, in relation to, among other things, (i) the Scheme; (ii) the Initial Grant proposal; (iii) the authorisation to the Board to implement relevant matters of the Scheme; (iv) the administrative measures for the Scheme and the appraisal measures for implementation of the Scheme; (v) the Initial Grant under the Scheme; and (vi) the Reserved Grant of 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 16 to the interim condensed consolidated financial statements.

The Restricted Share Incentive Scheme is a share scheme that is funded by existing shares of the listed issuer under Rule 17.01(1)(b) of the Listing Rules. The Company will disclose further details in relation to the Restricted Share Incentive Scheme in its annual report in accordance with Rule 17.12(1) 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 and the website of the Company at www.polywuye.com. The interim report of the Company for the six months ended 30 June 2023 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.
Wu Lanyu
Chairman of the Board and Executive Director

Guangzhou, the PRC, 22 August 2023

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