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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

## FINANCIAL SUMMARY

| | **Year ended 31 December** | | |
|---|---|---|---|
| | **2023** | 2022 | Change |
| | ***RMB million*** | *RMB million* | |
| Revenue | **15,061.9** | 13,686.7 | Increased by 10.0% |
| Gross profit | **2,953.1** | 2,573.8 | Increased by 14.7% |
| Gross profit margin | **19.61%** | 18.81% | Increased by 0.80 percentage points |
| Profit for the year | **1,397.2** | 1,133.3 | Increased by 23.3% |
| Net profit margin | **9.3%** | 8.3% | Increased by 1.0 percentage point |
| Profit for the year attributable to owners of the Company | **1,380.1** | 1,112.9 | Increased by 24.0% |
| Basic earnings per share *(RMB)* | **2.505** | 2.014 | Increased by 24.4% |
| Cash and cash equivalents | **11,011.5** | 8,956.3 | Increased by 22.9% |
| Net cash generated from operating activities | **2,415.9** | 1,474.3 | Increased by 63.9% |

- For the year ended 31 December 2023 (the “**year**” or “**period**”), Poly Property Services Co., Ltd. (the “**Company**” or “**Poly Property**”, and together with its subsidiaries, the “**Group**” or “**we**”) recorded approximately RMB15,061.9 million of revenue, representing an increase of approximately 10.0% as compared to the corresponding period of 2022. For the year ended 31 December 2023, revenue contribution by the Group’s three major business lines was as follows: (i) revenue from property management services increased by approximately 20.5% to approximately RMB10,152.2 million as compared to the corresponding period of 2022; (ii) revenue from value-added services to non-property owners decreased by approximately 4.6% to approximately RMB2,093.3 million as compared to the corresponding period of 2022; and (iii) revenue from community value-added services decreased by approximately 8.1% to approximately RMB2,816.4 million as compared to the corresponding period of 2022.

- For the year ended 31 December 2023, the Group recorded (i) approximately RMB2,953.1 million of gross profit, representing an increase of approximately 14.7% as compared to the corresponding period of 2022 with a gross profit margin of approximately 19.61%, representing an increase of approximately 0.80 percentage points as compared to the corresponding period of 2022; (ii) approximately RMB1,397.2 million of profit for the year, representing an increase of approximately 23.3% as compared to the corresponding period of 2022 with a net profit margin of approximately 9.3%, representing an increase of approximately 1.0 percentage point as compared to the corresponding period of 2022; (iii) approximately RMB1,380.1 million of profit for the year attributable to owners of the Company, representing an increase of approximately 24.0% as compared to the corresponding period of 2022; and (iv) approximately RMB2.505 of basic earnings per share.

- As at 31 December 2023, the cash and cash equivalents of the Group amounted to approximately RMB11,011.5 million, representing an increase of approximately RMB2,055.2 million or approximately 22.9% as compared to the corresponding period of 2022. For the year ended 31 December 2023, the net cash generated from operating activities was approximately RMB2,415.9 million, representing an increase of approximately 63.9% as compared to the corresponding period of 2022.

## RESULTS

The board (the "**Board**") of directors (the "**Directors**") of the Company hereby announces the audited consolidated results of the Group for the year ended 31 December 2023, together with comparative figures for the corresponding period of 2022, as follows:

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

| | | Year ended 31 December | |
|---|---|---|---|
| | | **2023** | 2022 |
| | *Notes* | ***RMB'000*** | *RMB'000* |
| **Revenue** | *4* | **15,061,858** | 13,686,662 |
| Cost of services | | **(12,108,767)** | (11,112,818) |
| **Gross profit** | | **2,953,091** | 2,573,844 |
| Other income and other gains and losses, net | *5* | **136,293** | 163,996 |
| Selling and marketing expenses | | **(18,013)** | (6,370) |
| Administrative expenses | | **(1,226,151)** | (1,207,019) |
| Other expenses | | **(2,183)** | (1,661) |
| Share of results of associates and joint venture | | **2,730** | (4,803) |
| Finance costs | *6* | **(4,694)** | (4,629) |
| **Profit before tax** | *6* | **1,841,073** | 1,513,358 |
| Income tax expense | *7* | **(443,887)** | (380,009) |
| **Profit for the year** | | **1,397,186** | 1,133,349 |
| **Profits for the year attributable to:** | | | |
| – Owners of the Company | | **1,380,140** | 1,112,933 |
| – Non-controlling interests | | **17,046** | 20,416 |
| | | **1,397,186** | 1,133,349 |

| | | Year ended 31 December | |
|---|---|---|---|
| | | **2023** | 2022 |
| | *Notes* | ***RMB'000*** | *RMB'000* |
| **Other comprehensive income, net of tax** | | | |
| **Item that will not be reclassified to profit or loss:** | | | |
| Fair value gain on equity instruments at fair value through other comprehensive income | | **1,111** | – |
| **Other comprehensive income for the year, net of tax** | | **1,111** | – |
| **Total comprehensive income for the year** | | **1,398,297** | 1,133,349 |
| **Total comprehensive income for the year attributable to:** | | | |
| – Owners of the Company | | **1,381,251** | 1,112,933 |
| – Non-controlling interests | | **17,046** | 20,416 |
| | | **1,398,297** | 1,133,349 |
| **Earnings per share (expressed in RMB per share)** | | | |
| Basic and diluted | *9* | **2.51** | 2.01 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | As at 31 December | |
|---|---|---|---|
| | | **2023** | 2022 |
| | *Notes* | ***RMB'000*** | *RMB'000* |
| **Non-current assets** | | | |
| Property, plant and equipment | | **241,861** | 218,873 |
| Leased assets and investment properties | | **226,491** | 512,476 |
| Intangible assets | *10* | **103,866** | 114,783 |
| Interests in associates and joint venture | | **15,502** | 68,182 |
| Financial assets at fair value through other comprehensive income | | **–** | 12,000 |
| Prepayments for property, plant and equipment | *12* | **4,330** | 10,884 |
| Deferred tax assets | | **57,138** | 39,409 |
| | | **649,188** | 976,607 |
| **Current assets** | | | |
| Inventories | | **31,365** | 40,408 |
| Trade and bills receivables | *11* | **2,340,608** | 2,263,249 |
| Prepayments, deposits and other receivables | *12* | **844,634** | 872,957 |
| Cash and cash equivalents | | **11,011,462** | 8,956,316 |
| | | **14,228,069** | 12,132,930 |
| **Current liabilities** | | | |
| Trade payables | *13* | **2,009,076** | 1,574,871 |
| Accruals and other payables | | **2,161,181** | 1,988,900 |
| Contract liabilities | *14* | **1,547,654** | 1,429,000 |
| Lease liabilities | | **43,105** | 38,294 |
| Income tax payable | | **160,288** | 153,997 |
| | | **5,921,304** | 5,185,062 |
| **Net current assets** | | **8,306,765** | 6,947,868 |
| **Total assets less current liabilities** | | **8,955,953** | 7,924,475 |

| | | As at 31 December | |
|---|---|---|---|
| | | **2023** | 2022 |
| | *Notes* | ***RMB'000*** | *RMB'000* |
| **Non-current liabilities** | | | |
| Lease liabilities | | **68,598** | 68,921 |
| Deferred tax liabilities | | **10,821** | 10,725 |
| | | **79,419** | 79,646 |
| **Net assets** | | **8,876,534** | 7,844,829 |
| **Capital and reserves** | | | |
| Share capital | *15* | **553,333** | 553,333 |
| Reserves | | **8,166,572** | 7,137,291 |
| Equity attributable to owners of the Company | | **8,719,905** | 7,690,624 |
| Non-controlling interests | | **156,629** | 154,205 |
| **Total equity** | | **8,876,534** | 7,844,829 |

# NOTES TO THE 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 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 Main Board of Shanghai Stock Exchange in the PRC. The Company's ultimate holding company is China Poly Group Corporation Limited ("**China Poly Group**"), a state-owned enterprise established in the PRC.

The principal activities of the Company and its subsidiaries (collectively referred to as the "**Group**") are the provision of property management services, value-added services to non-property owners and community value-added services in the PRC.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company, unless otherwise stated.

## 2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

### 2.1 New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the 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 |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies |

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

### 2.2 Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

| | |
|---|---|
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1] |
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback[2] |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2] |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants[2] |
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangements[2] |
| Amendment to HKAS 21 | Lack of Exchangeability[3] |

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

The Group anticipates that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

## 3 SEGMENT INFORMATION

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

The Group is engaged 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, major customers 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 years ended 31 December 2023 and 2022.

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

**Information about major customers**

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| Poly Developments and Holdings and its subsidiaries | **2,230,643** | 1,996,314 |

## 4 REVENUE

Revenue mainly comprises of proceeds from 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 years ended 31 December 2023 and 2022 was as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| **Types of goods or services** | | |
| Property management services | **10,152,181** | 8,428,388 |
| Value-added services to non-property owners | | |
| – Pre-delivery services and other value-added services to non-property owners | **1,705,115** | 1,787,099 |
| Community value-added services | **2,816,361** | 3,063,633 |
| **Revenue from contracts with customers** | **14,673,657** | 13,279,120 |
| Value-added services to non-property owners | | |
| – Rental income | **388,201** | 407,542 |
| Total | **15,061,858** | 13,686,662 |

| | Year ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| **Timing of revenue recognition** | | |
| Property management services | | |
| – Over time | **10,152,181** | 8,428,388 |
| Value-added services to non-property owners | | |
| – Over time | **1,705,115** | 1,787,099 |
| – Over the lease term | **388,201** | 407,542 |
| Community value-added services | | |
| – Over time | **2,031,554** | 1,697,856 |
| – At a point in time | **784,807** | 1,365,777 |
| Total | **15,061,858** | 13,686,662 |

## 5 OTHER INCOME AND OTHER GAINS AND LOSSES, NET

| | Year ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| **Other income:** | | |
| Bank interest income | **61,533** | 66,724 |
| Other interest income *(Note (a))* | **4,466** | 13,182 |
| Government grants and tax incentives *(Note (b))* | **70,600** | 99,012 |
| Penalty income | **10,719** | 5,317 |
| Others | **7,850** | 180 |
| | **155,168** | 184,415 |
| **Other gains and losses, net:** | | |
| Gain on modification of lease contracts, net | **47** | 2 |
| (Loss)/gain on disposal of property, plant and equipment, net | **(83)** | 95 |
| Gains on disposal of investments in: | | |
| – a subsidiary | **482** | – |
| – an associate | **297** | – |
| Gain on bargain purchase of a subsidiary | **1,388** | – |
| Impairment loss on trade and bills receivables | **(18,831)** | (31,442) |
| Impairment loss on deposits and other receivables | **(3,362)** | (14,825) |
| Exchange gains, net | **1,187** | 27,103 |
| Change in fair value of consideration payable at fair value through profit and loss | **–** | (1,352) |
| | **(18,875)** | (20,419) |
| | **136,293** | 163,996 |

*Notes:*

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

(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 ("**VAT**") applicable to the Company and certain of its subsidiaries.

## 6 PROFIT BEFORE TAX

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

| | Year ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| Depreciation of property, plant and equipment | **92,067** | 85,190 |
| Depreciation of leased assets and investment properties | **285,985** | 286,253 |
| Amortisation of intangible assets (included in "cost of services") | **10,013** | 10,343 |
| | **388,065** | 381,786 |
| Auditor's remuneration *(Note)* | | |
| – Audit services | **2,860** | 2,760 |
| – Non-audit services | **612** | – |
| | **3,472** | 2,760 |
| Finance costs – interest on lease liabilities | **4,694** | 4,629 |
| Cost of goods sold | **711,704** | 1,237,217 |
| Staff costs (including Directors' emoluments): | | |
| – Salaries and bonus | **3,691,198** | 3,998,311 |
| – Pension costs, housing funds, medical insurances and other social insurances | **622,285** | 657,486 |
| – Equity-settled share-based expenses | **38,985** | 21,316 |
| | **4,352,468** | 4,677,113 |

*Note:* For the years ended 31 December 2023 and 2022, the amount only represents service fee provided by the existing auditor.

## 7 INCOME TAX EXPENSE

Taxation in the consolidated statement of profit or loss and other comprehensive income:

| | Year ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| **Current tax** | | |
| PRC Enterprise Income Tax ("**EIT**") | | |
| – Provision for the year | **466,064** | 388,998 |
| – (Over)/under-provision in respect of prior years | **(4,544)** | 12,244 |
| | **461,520** | 401,242 |
| **Deferred tax** | **(17,633)** | (21,233) |
| | **443,887** | 380,009 |

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong for the years ended 31 December 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 at the rate of 25% (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.

## 8 DIVIDENDS

During the year ended 31 December 2022, final dividend of RMB168,766,687 (tax inclusive) in respect of 2021 was declared and paid.

During the year ended 31 December 2023, final dividend of RMB278,326,700 (tax inclusive) in respect of 2022 was declared and paid.

Subsequent to the end of the reporting period, the Directors proposed a final dividend of RMB0.998 (tax inclusive) per share for 2023, amounting to a total of RMB552,226,733 (tax inclusive) (2022: final dividend in respect of RMB0.503 per share, amounting to a total of RMB278,326,700 (tax inclusive)). The final dividend amount which shall be subject to the approval of the shareholders at the annual general meeting to be held on 27 May 2024 has not been recognised as a liability at the end of the reporting period.

## 9 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:

| | Year ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| **Earnings** | | |
| Profit attributable to owners of the Company | **1,380,140** | 1,112,933 |

| | | |
|---|---|---|
| | **2023** | 2022 |
| | ***'000*** | *'000* |
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share *(Note)* | **550,900** | 552,690 |

*Note:* On 18 February 2022, the shareholders of the Company approved the adoption of a restricted share incentive scheme. During the year ended 31 December 2023, 3,878,200 shares (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 31 December 2023 and 2022, there was no dilutive effect on shares arising from the restricted share incentive scheme for the years ended 31 December 2023 and 2022.

## 10 INTANGIBLE ASSETS

| | Property management contracts *RMB'000* | Goodwill *RMB'000* | Total *RMB'000* |
|---|---|---|---|
| **COST** | | | |
| At 1 January 2022, 31 December 2022 and 1 January 2023 | 88,000 | 64,897 | 152,897 |
| Disposal of a subsidiary | (3,000) | (904) | (3,904) |
| At 31 December 2023 | 85,000 | 63,993 | 148,993 |
| **AMORTISATION** | | | |
| At 1 January 2022 | 27,771 | – | 27,771 |
| Amortisation | 10,343 | – | 10,343 |
| At 31 December 2022 and 1 January 2023 | 38,114 | – | 38,114 |
| Amortisation | 10,013 | – | 10,013 |
| Disposal of a subsidiary | (3,000) | – | (3,000) |
| At 31 December 2023 | 45,127 | – | 45,127 |
| **NET CARRYING VALUE** | | | |
| At 31 December 2023 | 39,873 | 63,993 | 103,866 |
| At 31 December 2022 | 49,886 | 64,897 | 114,783 |

## 11 TRADE AND BILLS RECEIVABLES

| | **As at 31 December** | |
|---|---|---|
| | **2023** *RMB'000* | 2022 *RMB'000* |
| Trade receivables | | |
| – Related parties | **520,624** | 620,170 |
| – Third parties | **1,923,291** | 1,733,871 |
| | **2,443,915** | 2,354,041 |
| Less: allowance for credit losses | **(103,375)** | (90,865) |
| | **2,340,540** | 2,263,176 |
| Bills receivables | **68** | 73 |
| | **2,340,608** | 2,263,249 |

As at 1 January 2022, trade receivables amounted to RMB1,422,293,000.

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 terms 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 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| Within one year | **2,205,782** | 2,180,490 |
| One to two years | **122,298** | 81,704 |
| Over two years | **12,528** | 1,055 |
| | **2,340,608** | 2,263,249 |

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

## 12 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| **Prepayments** | | |
| – Prepayments for property, plant and equipment | **4,330** | 10,884 |
| – Prepayments to suppliers | **77,158** | 93,060 |
| | **81,488** | 103,944 |
| **Deposits and other receivables** | | |
| – Deposits | **166,035** | 155,386 |
| – Payments on behalf of property owners and residents | **557,073** | 560,924 |
| – Interest receivables | **18,997** | 7,457 |
| – VAT receivables | **52,396** | 60,451 |
| – Others | **14,149** | 33,561 |
| | **808,650** | 817,779 |
| Less: allowance for credit losses | **(41,174)** | (37,882) |
| | **767,476** | 779,897 |
| | **848,964** | 883,841 |

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| Analysed for reporting purposes: | | |
| Non-current portion | **4,330** | 10,884 |
| Current portion | **844,634** | 872,957 |
| | **848,964** | 883,841 |

## 13 TRADE PAYABLES

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| Related parties | **62,950** | 107,930 |
| Third parties | **1,946,126** | 1,466,941 |
| | **2,009,076** | 1,574,871 |

Most of the credit terms for purchase of goods and services 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 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| Within one year | **1,953,313** | 1,524,624 |
| One to two years | **50,891** | 46,924 |
| Over two years | **4,872** | 3,323 |
| | **2,009,076** | 1,574,871 |

## 14 CONTRACT LIABILITIES

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| Property management services | **1,422,361** | 1,314,630 |
| Value-added services to non-property owners | **14,954** | 12,102 |
| Community value-added services | **110,339** | 102,268 |
| | **1,547,654** | 1,429,000 |

As at 1 January 2022, contract liabilities amounted to RMB1,381,095,000.

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. Such liabilities increase as a result of the growth of the Group's business.

The Group encourages customers to prepay service fees. This will give rise to contract liabilities upon receipt of prepayment from customers at the start of a contract until the revenue recognised from the relevant contract exceeds the amount of the prepayment. The Group typically receives one month to one year prepayment for the service contract.

The following table shows the amount of revenue recognised which is related to contract liabilities at the beginning of the year.

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| **Revenue recognised that was included in the balance of contract liabilities at the beginning of the year** | | |
| Property management services | **1,233,210** | 1,034,267 |
| Value-added services to non-property owners | **12,102** | 13,866 |
| Community value-added services | **90,391** | 81,967 |
| | **1,335,703** | 1,130,100 |

**(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 customers of the Group's performance completed 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 services 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, the contracts have an original expected duration of one year or less and the Group has also elected to apply practical expedient to this type of contracts such that the remaining performance obligations under these contracts are not disclosed.

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

During the years ended 31 December 2023 and 2022, there was no significant incremental costs to obtain a contract.

## 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: | | | | | | |
| At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023 | 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 a 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. For the year ended 31 December 2022, an amount aggregating to RMB94,797,000 was received from the Scheme Participants under the Scheme, which was recorded in accrued expenses and other payables. The fair value of the restricted shares granted on the First Grant Date based on the difference between the closing price of the First Grant Date and the grant price was 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 share. For the year ended 31 December 2023, an amount aggregating to RMB17,645,000 was received from the Scheme Participants under the Scheme, which was recorded in accrued expenses and other payables. The fair value of shares granted on the Reserved Grant Date based on the difference between the closing price of the Reserved Grant Date and the grant price was HK$32.04 per share.

The following table discloses movements in the number of restricted shares granted for the years ended 31 December 2023 and 2022:

| | **Number of restricted shares** |
|---|---|
| At 1 January 2022 | – |
| Granted during the year | 4,282,400 |
| At 31 December 2022 and 1 January 2023 | 4,282,400 |
| Granted during the year | 770,800 |
| Lapsed during the year | (104,400) |
| At 31 December 2023 | 4,948,800 |

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 yet 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 year ended 31 December 2023, the Trustee has purchased 3,878,200 H shares at a total cash consideration of RMB120,097,000 (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 | – | – |
| Shares purchased during the year | 1,070,600 | 45,912 |
| At 31 December 2022 and 1 January 2023 | 1,070,600 | 45,912 |
| Shares purchased during the year | 3,878,200 | 120,097 |
| At 31 December 2023 | 4,948,800 | 166,009 |

The Group recognised total share-based payment expenses of RMB38,985,000 for the year ended 31 December 2023 (2022: RMB21,316,000) in relation to restricted shares granted.

## CHAIRMAN'S STATEMENT

### DEAR SHAREHOLDERS,

On behalf of the board of directors, I am pleased to present the annual results of the Group for the year ended 31 December 2023. During the year, the Group recorded a revenue of approximately RMB15,061.9 million, representing an increase of approximately 10.0% as compared to the corresponding period of 2022; a gross profit of approximately RMB2,953.1 million, representing an increase of approximately 14.7% as compared to the corresponding period of 2022; a profit for the year of approximately RMB1,397.2 million, representing an increase of approximately 23.3% as compared to the corresponding period of 2022; and a profit for the year attributable to owners of the Company of approximately RMB1,380.1 million, representing an increase of approximately 24.0% as compared to the corresponding period of 2022.

### A REVIEW OF 2023

Amid complexity and changes in the economic situation, the fluctuations of the upstream real estate industry continued, uncertainties in the external environment have brought significant challenges to the property management industry and showed the resilience and vitality of the property management industry. Firstly, there remains much space in the "Comprehensive Property" market. The industry's business forms were rich and diversified, and the businesses involved were extensive, which provided a sustainable and solid foundation for the development of the industry. Meanwhile, with continuous improvement of marketisation, the industry continued to unleash incremental business opportunities, and enterprises were active in market expansion activities, showcasing vigorous market vitality. Secondly, during the process of marketisation, the property management industry focused on refinement and enhancement of quality and operation, and continued to shape its core competitiveness for business development. The advantages of leading enterprises in the fierce market competition have become more and more prominent, demonstrating the industry characteristics of strong cash flow, counter-cyclical and asset-light as well as good development resilience.

In the past year, in the face of challenges of the external market environment, all employees of Poly Property upheld the corporate value to strive forward with high morale and unremitting efforts, unswervingly promoted the Company's high-quality development objectives, and strengthened its sustainability.

### *1. Relentlessly strengthened market expansion and empowered business development*

In the highly competitive market environment, the Group always remained proactive and flexible in adjusting its strategic deployment, and has achieved improvements in both the scale and quality of market expansion. In terms of scale, during the year, the single-year contract value of newly expanded third party projects amounted to approximately RMB2,970.0 million, and the single-year contract value of projects newly signed with third parties amounted to approximately RMB2,771.1 million (excluding renewal projects), maintaining a strong driver for results growth. In terms of quality, the Group made enhancement efforts from multiple aspects. Firstly, we accelerated the implementation of the regional layout and deep cultivation strategy and focused on 50 core cities, which accounted for approximately 72.8% of the single-year contract value of projects newly signed with third parties, representing an increase of approximately 8.5 percentage points year-on-year. Among them, the single-year contract value of projects newly signed with third parties in Guangzhou, Beijing, Chengdu, Hefei and Changsha all exceeded RMB100 million, and the quality of the business expansion became better. Secondly, we ploughed into the core economic zones and built a multi-centre focusing pattern, with the four core economic zones of Beijing-Tianjin-Hebei, the Yangtze River Delta, the Pearl River Delta and the central city cluster accounting for approximately 66.1% of the single-year contract value of projects newly signed with third parties. Thirdly, we increased efforts in premium customer acquisition. The Group secured 69 projects newly signed with third parties with the single-year newly signed contract value of over RMB10 million, accounting for approximately 49.8% of the single-year contract value of new projects signed with third parties.

### *2. Accelerated the upgrade of products and strengthened the competitiveness of core businesses*

Focusing on the construction of long-term core competitiveness, the Group closely followed the market demand, accelerated the iterative upgrade of core products, and promoted a new leap forward in service quality and efficiency. In the area of public services, we successfully organised the fourth “Mayors’ Forum” to discuss the blueprint for the development of urban governance at the grassroots level, at which we released a new “holistic flywheel” model of service governance, launched a public service product system of “One Core, Four Methods and Nine Scenarios”, and led the development trend of the industry towards “Comprehensive Property”. At present, the Group has built a number of holistic service benchmarking projects such as Xitang Ancient Town Scenic Area, Canton Tower Scenic Area, Guangzhou Haizhu Wetland Scenic Area, etc., and has newly acquired a number of city’s signature projects during the year, including Shanghai Bund Sightseeing Tunnel, etc., so as to polish the cities’ brands to lead the expansion of surroudning projects and accelerate the holistic project development. In the field of commercial offices, based on the role and positioning of the leading brand of services with state-owned background, we innovatively launched a brand new product named “Starshield Model” for state-owned commercial offices, which focused on strengthening the construction of key service capabilities such as energy management, asset management, and comprehensive facilities and equipment management. Relying on product capability upgrades, we have accelerated our efforts in the fields of communications, finance, taxation, transportation, energy and other industries, and have made a industry presence from PM basic property management services to IFM integrated facilities and equipment services. During the year, the Group obtained IFM integrated facilities and equipment service projects such as the Beijing Headquarters Building of JD.com and the T3 Factory of Wuhan China Star Optoelectronics, so as to inject new vitality into the future development of the Company. In the residential sector, we strived to improve the living experience of property owners. Firstly, we renewed the core of the three major residential service brands, leveraged and upgraded the Company's service culture, and strengthened the service awareness and service responsiveness of front-line employees. Secondly, in terms of community value-added services, we have created the first community living service brand of "Hé Market" (和市集) and built a all-in-one community platform integrating community culture promotion, convenience events and community value-added services, which formed an organic combination with the community's online shopping mall and brought practical convenience to residents. At the same time, relying on the "Poly Real Estate Custody" brand, we started from real estate leasing and sale agency services and extended to a full chain of real estate asset services. Through the store-less, service-oriented and strong community linkage model, we gave full play to the advantages of the property scenario and plough through the community resources to achieve the industrial incubation of real estate custody services from 0 to 1.

### 3. *Adhered to the essence of service and pursued the path to quality*

We upheld the concept of customer first, kept in mind the core essence of service, and listened to the needs of customers. Committed to continuous quality optimisation, we provided every customer with quality and heartfelt service experience. We focused on the owners' experience, deepened the construction of service research and development and service standards, and pioneered in the I-TRUST customer experience perception and evaluation system, which not only provides an accurate measure for service quality assessment of projects at the front line, but also helps the Group grasp the key points of service enhancement, and achieve further improvement in service response time, satisfaction of customer needs and service perception level. According to the ranking of 2023 Top 100 Property Services Companies in China by the CRIC Property Manangement and China Property Management Research Institution, Poly Property was awarded TOP 2 among the Top 100 Property Services Companies in China in terms of service capability, and customer satisfaction continued to increase year-on-year. At the same time, the key account service centre was set up at the headquarters, with a quality service system built throughout the whole process of real estate development, deepened the professional synergy in the full-cycle dimension between the development-end and the service-end, ensuring matching of quality, unified concept, and joint implementation of the brand positioning for a better life.

4. ***Implemented lean and standardised operation management to jointly build a solid foundation for steady development***

In the cross-region and cross-business development, the lean operation and management ability of an enterprise has become an important support for high-quality development. During the year, we further improved our operation and management capabilities. Firstly, we strengthened the construction of standards, promoted the comprehensive implementation of the standardisation of systems, processes, operations and other dimensions, and achieved standardisation and quality of project management to ensure standardised and efficient business operations. Secondly, we consolidated the lean management of target costs, continuously optimised the grading standards and classification of cost items, formulated a refined and comprehensive budget system around each business node, and relied on project information management to achieve real-time monitoring and precise correction of project operations, so as to enhance the lean management level of the operation process management and control.

## FUTURE OUTLOOK

Under a series of high-quality development measures, including technology-driven, green and low-carbon development, the national economy has anchored itself to targets of new quality productivity forces and accelerated its transformation and upgrades, various industries are also ushering in major opportunities for industrial capacity upgrade and reform. As an important unit of serving the community governance at the grassroots level, the property management industry is also situated at the critical stage of reform and innovation. Under the future development of the industry, we believe solid service quality and capability, excellent operation and management capability, and market-oriented development capability with core competency will become the breakthrough for high-quality development of the industry, and we will constantly explore and implement more professional, more efficient and greener services capability and start a new chapter of high-quality development.

**Returning to the essence of and promoting the service quality to reach a new level.** Excellent service quality is not only the foundation of the industry, but also the driving source for sustainable development. In the fierce market competition, those who are truly customer-centric can have a deep insight into the pulse of the market and lead the trend of development. To return to the foundation of high-quality development, the industry needs to stay closer to customer service needs, and deeply understand pain points and expectations of customers, so as to position service objectives and upgrade directions. On this basis, optimising service design has become the key move. This requires enterprises to continuously innovate service models, optimise service processes, accelerate response speed, and ensure that customers are provided with more accurate and effective services. Besides, enterprises also need to establish an in-depth service culture, enhance the service awareness and service spirit of every employee, and organically integrate the standardisation of services, the differentiation of scenarios and the personalisation of needs, pay attention to every detail in the service process, and strive to create comfortable service experience for customers.

**Upgrading operational and control and building a scientific and efficient management system.** Faced with a large number, variety and distribution of property management projects undoubtedly place higher requirements to the modern organisational capability, modern management and control tools and lean cost management capability of property management enterprises. In terms of organisational capability, property management enterprises need to enhance the synergy between localised services and vertical management and control, and effectively coordinating the regional cultivation and professional construction. At the same time, we will put more efforts in the cultivation of front-line key positions and introduction of talents from core sectors, which ensures the service undertaking of enterprises and the implementation of standards, and promote the optimisation of product processes and service efficiency. In respect of management and control tools, the comprehensive informatisation of business processes and the intelligent supervision of process supervision will help enterprises to achieve visibility and controllability of every operational segment and enhance the ability to manage projects in a penetrating manner. Regarding cost management capability, enterprises will establish a scientific cost standard system, upgrade centralised procurement and service supply chain management, actively practise sustainable development concepts such as energy saving, consumption reduction, green and low carbon emission to achieve the linkage of cost standards, service experience and service process as well as achieve the balance and optimisation between cost and quality.

**Building up core competitiveness for market development and promoting the industry's sustained and steady growth.** Market expansion and community value-added services have become the core areas of the industry's market development, and how to achieve persistent breakthroughs in product capability while growing in scale will become the focus of high-quality development in the next phase.

In terms of market expansion, firstly, the expansion will shift from fragmentation and homogeneous competition to centralisation and exclusiveness. Enterprises will shift from random opportunistic expansion to the pursuit of competitive regional density, competitive industry density and competitive products density. Secondly, the expansion model will extend from the expansion of specialised services to the linkage of multi-industry services, and enterprises will pay higher attention to the systematic needs of customers, and actively explore one-stop all-in-one solutions with multi-sector linkage, establish the advantages of service clusters, and improve the comprehensive efficiency of services. Thirdly, the industry is monitoring new opportunities of service demand brought by new industrial landscape. Under the new development model of real estate, the government has focused on promoting the "three major projects", which have brought new business development space to property enterprises in the fields of urban renewal and government-subsidised housing. In addition, the development of national strategic emerging industries has also further stimulated the demand for productive service industry, combined with the new characteristics of the industrial chain layout and provided new development opportunities for the industry in fields such as comprehensive facilities and equipment services and productive support protection.

In terms of community value-added services, the industry is accelerating the shift from being resource value-driven to a new stage of industrial capacity-driven development. Returning to the focus on the needs of owners, improving product capability and giving full play to the advantages of property services as well as turning individual product opportunities into systemic industry capabilities will become the core of promoting the high-quality development of community value-added services. In order to further identify the pain points and needs of owners, property management enterprises need to conduct more in-depth research on the needs of owners to achieve accurate positioning, focus and optimisation of the development direction of community value-added services. On this basis, property management enterprises are required to strengthen the construction of supply chain and SOP standardised management of service processes in order to achieve high-quality service delivery capability and provide a more professional and efficient service experience. Moreover, property management enterprises will further leverage the advantages of community scenarios with the "product + service" model, empower traditional transactional business with service support and meet the specialised needs of owners, so as to enhance the convenience and well-being of owners.

Looking forward to the future, Poly Property will continue to uphold the original aspiration of its services, contribute the power of services with state-owned background to build wonderful cities and light up happy life, fully fulfill the mission and responsibility of a state-owned property company, firmly adhere to the promotion of the corporate vision of being "the prime provider of the Comprehensive Property ecosystem", accelerate the innovation and upgrade of the property management model, and lead the high-quality development of the industry.

## 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 2023 Top 100 Property Management Companies in China by the China Index Academy, the Group ranked the third among the Top 100 Property Management Companies in China and the first in terms of service scale among the property management companies with state-owned 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 approximately RMB24.1 billion in 2023. The Group has actively pushed forward the "Comprehensive Property" strategic layout, and its management business portfolio covers residential communities, commercial and office buildings and public and other properties. As at 31 December 2023, the Group's contracted gross floor area ("**GFA**") and GFA under management was approximately 922.2 million sq.m. and 719.6 million sq.m. respectively, covering 209 cities across 29 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 67.4% of the total revenue**

For the year ended 31 December 2023, the Group's revenue from property management services amounted to approximately RMB10,152.2 million, representing an increase of approximately 20.5% as compared to the corresponding period of 2022, which was 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:

| | As at 31 December | | | | | |
|---|---|---|---|---|---|---|
| | **2023** | | | 2022 | | |
| **Source of projects** | **Contracted GFA** | **Percentage of contracted GFA** | **Number of contracted projects** | Contracted GFA | Percentage of contracted GFA | Number of contracted projects |
| | ***'000 sq.m.*** | ***%*** | | *'000 sq.m.* | *%* | |
| Poly Developments and Holdings Group *(Note 1)* | **341,828** | **37.1** | **1,564** | 313,287 | 40.6 | 1,401 |
| Third parties *(Note 2)* | **580,377** | **62.9** | **1,505** | 458,351 | 59.4 | 1,320 |
| Total | **922,205** | **100.0** | **3,069** | 771,638 | 100.0 | 2,721 |

*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 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 has continued to benefit from the steady development of Poly Developments and Holdings Group, its controlling shareholder, and has achieved high-quality and stable business growth. Poly Developments and Holdings Group was 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 14 consecutive years. In 2023, Poly Developments and Holdings Group realised a contracted sales amount of approximately RMB422.237 billion, ranking the first in the industry. As at 31 December 2023, the contracted GFA from Poly Developments and Holdings Group was approximately 341.8 million sq.m..

The Group is firmly committed to market-oriented development, and has continued to increase effort in market expansion to maintain its leading position in the industry amid competition. During the year, the Group's single-year contract value of newly expanded projects from third parties amounted to approximately RMB2,970.0 million and the single-year contract value of projects newly signed with third parties amounted to approximately RMB2,771.1 million (excluding renewed projects). As at 31 December 2023, the contracted GFA of projects from third parties reached approximately 580.4 million sq.m., representing an increase of approximately 122.0 million sq.m. as compared to that as at 31 December 2022, and accounted for approximately 62.9% 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:

| | Year ended 31 December or as at 31 December | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **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 *(Note)* | **5,983,649** | **58.9** | **254,256** | **35.3** | **1,279** | 5,162,560 | 61.3 | 222,999 | 38.7 | 1,061 |
| Third parties *(Note)* | **4,168,532** | **41.1** | **465,327** | **64.7** | **1,186** | 3,265,828 | 38.7 | 353,081 | 61.3 | 1,028 |
| Total | **10,152,181** | **100.0** | **719,583** | **100.0** | **2,465** | 8,428,388 | 100.0 | 576,080 | 100.0 | 2,089 |

*Note:* See note 1 and note 2 on page 27.

As at 31 December 2023, the Group's GFA under management from Poly Developments and Holdings Group amounted to approximately 254.3 million sq.m., representing an increase of approximately 31.3 million sq.m. as compared to that as at 31 December 2022. For the year ended 31 December 2023, revenue from the property management services of Poly Developments and Holdings Group amounted to approximately RMB5,983.6 million, representing an increase of approximately 15.9% as compared to the corresponding period in 2022, and accounted for approximately 58.9% of the total revenue from property management services.

The Group strengthened factors that drive development for market expansion, focused on the deep cultivation of key cities, core business portfolios and high-quality customers, and continuously increased market share and competitiveness, thereby putting forward a strong momentum for performance. As at 31 December 2023, the GFA under management of projects from third parties reached approximately 465.3 million sq.m., representing an increase of approximately 112.2 million sq.m. as compared to that as at the end of 2022, and accounted for approximately 64.7% of the total GFA under management. For the year ended 31 December 2023, revenue from property management services to third parties amounted to approximately RMB4,168.5 million, representing an increase of approximately 27.6% as compared to the corresponding period of 2022 and accounted for approximately 41.1% of the total revenue from property management services, representing a year-on-year increase of approximately 2.4 percentage points.

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:

| | Year ended 31 December or as at 31 December | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **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 | **5,923,762** | **58.3** | **289,374** | **40.2** | **1,447** | 5,086,555 | 60.3 | 252,957 | 43.9 | 1,198 |
| Non-residential properties | **4,228,419** | **41.7** | **430,209** | **59.8** | **1,018** | 3,341,833 | 39.7 | 323,123 | 56.1 | 891 |
| – Commercial and office buildings | **1,610,044** | **15.9** | **29,232** | **4.1** | **353** | 1,280,321 | 15.2 | 20,460 | 3.6 | 293 |
| – Public and other properties | **2,618,375** | **25.8** | **400,977** | **55.7** | **665** | 2,061,512 | 24.5 | 302,663 | 52.5 | 598 |
| Total | **10,152,181** | **100.0** | **719,583** | **100.0** | **2,465** | 8,428,388 | 100.0 | 576,080 | 100.0 | 2,089 |

For residential communities, the Group returned to the orientation of customer experience and relaunched its three property brands namely, "Oriental Courtesy", "Elegant Life" and "Harmony Courtyard". Based on the three pillars of safety, intelligence and co-building, the Group focused on the three major dimensions of convenient services, community atmosphere and community culture, so as to build a humanistic community in the new era and make a better community life. With excellent product capabilities, the Group launched the expansion of existing residential projects and achieved a good start during the year, with the single-year contract value of newly expanded existing residential projects exceeding RMB100 million, all of which are located in core cities such as Beijing, Nanjing, Wuhan, Chengdu and Tianjin. The Group has completed the setting up of development mechanism of existing residential projects, focused on 11 core cities, and won the trust of property owners and scale expansion opportunities with quality service. As at 31 December 2023, the GFA under management of the Group in residential communities was approximately 289.4 million sq.m.. For the year ended 31 December 2023, revenue from property management services for residential communities amounted to approximately RMB5,923.8 million, representing an increase of approximately 16.5% 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 including property management, asset management and corporate services. During the year, the Group fully upgraded the service scenario of commercial office buildings to meet the development needs of corporate customers in terms of efficiency improvement, energy conservation and emission reduction, burden reduction and efficiency enhancement, and safety assurance. The Group implemented the IFM integrated facilities and equipment service model advancement, and officially became the annual strategic partner of International Facilities Management Association (IFMA). During the year, the single-year contract value of commercial and office building projects newly signed with third parties amounted to approximately RMB878.5 million, representing a significant year-on-year increase of approximately 109.9%. Commercial and office building expansion made breakthroughs at a faster pace. On the one hand, this is attributable to the increase in the number of large-scale projects where the number of projects newly signed during the year of the single-year contract value of over RMB10 million increased to 24, and the single-year contract value amounted to approximately RMB560.5 million. On the other hand, this is attributable to the continuous cultivation of high-quality customers, we have accumulated rich customer resources in communication, finance, taxation, transportation, energy and other fields and proactively explored customers in high-end manufacturing and strategic emerging industries. During the year, the Group acquired high-quality projects such as the Xi'an Data Centre of China Development Bank, Baiyun Financial Building in Guangzhou, the Beijing Headquarters Building of JD.com and the T3 Factory of Wuhan China Star Optoelectronics. As at 31 December 2023, the GFA under management of the Group in commercial and office buildings was approximately 29.2 million sq.m.. For the year ended 31 December 2023, revenue from property management services for commercial and office buildings amounted to approximately RMB1,610.0 million, representing an increase of approximately 25.8% 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, hospital properties, government offices and urban public facilities. Led by the "holistic flywheel" model, the Group started from a number of city's signature projects to drive the expansion of surrounding projects and form a unique expansion advantage of holistic business forms. For the year ended 31 December 2023, the single-year contract value of public and other property projects newly signed by the Group was approximately RMB1,505.8 million, representing a year-on-year increase of approximately 36.7%, and accounted for approximately 54.3% of the single-year contract value of projects newly signed with third parties, forming an important performance contribution to the Group's market expansion. During the year, key expansion projects include Shanghai Bund Sightseeing Tunnel and Shanghai Metro Line 17, etc. For the year ended 31 December 2023, the Group's revenue from public and other properties amounted to approximately RMB2,618.4 million, representing an increase of approximately 27.0% as compared to the corresponding period of 2022 and accounted for approximately 25.8% of the total revenue from property management services.

**Steady increase in the average property management fee per unit**

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

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

| | **Year ended 31 December** | | |
|---|---|---|---|
| | **2023** | 2022 | Changes |
| | *(RMB/sq.m./month)* | | *(RMB)* |
| Residential communities | **2.31** | 2.28 | Increased by 0.03 |
| – Poly Developments and Holdings Group | **2.41** | 2.38 | Increased by 0.03 |
| – Third parties | **1.82** | 1.80 | Increased by 0.02 |

**Value-added services to non-property owners – representing approximately 13.9% 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, delivery and engineering maintenance, etc.

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:

| | Year ended 31 December | | | |
|---|---|---|---|---|
| | **2023** | | 2022 | |
| | | ***Percentage of revenue*** | | *Percentage of revenue* |
| **Service Type** | ***RMB'000*** | ***%*** | *RMB'000* | *%* |
| Pre-delivery services | **1,147,848** | **54.8** | 1,251,045 | 57.0 |
| Office leasing | **388,201** | **18.5** | 407,542 | 18.6 |
| Other value-added services to non-property owners | **557,267** | **26.7** | 536,054 | 24.4 |
| Total | **2,093,316** | **100.0** | 2,194,641 | 100.0 |

The Group's revenue from value-added services to non-property owners for the year ended 31 December 2023 was approximately RMB2,093.3 million, representing a decrease of approximately 4.6% as compared to the corresponding period of 2022, which was mainly due to (i) the decrease in the number of pre-delivery services projects provided by the Group; (ii) the slight decrease in the revenue of the Group's office leasing business due to market fluctuations. During the year, the Group's revenue from other value-added services to non-property owners increased by approximately 4.0% year-on-year, which was mainly because the Group increased the undertaking rate of preliminary consultancy, inspection and delivery services and started the business layout of engineering maintenance during the year.

**Community value-added services – representing approximately 18.7% of the total revenue**

The Group provides community value-added services to property owners, including (i) community asset operation services, which centres on property owners' community assets and integrates services such as move-in and furnishing services, parking space agency sales services and house rental and sales agency services, giving full play to the advantages of property scenarios and industrial synergy and 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:

| | **Year ended 31 December** | | | |
|---|---|---|---|---|
| | **2023** | | 2022 | |
| **Service Type** | ***RMB'000*** | ***Percentage of revenue %*** | *RMB'000* | *Percentage of revenue %* |
| Community asset operation services | **922,922** | **32.8** | 864,178 | 28.2 |
| Community living services and others | **1,893,439** | **67.2** | 2,199,455 | 71.8 |
| Total | **2,816,361** | **100.0** | 3,063,633 | 100.0 |

The Group's revenue from community value-added services for the year ended 31 December 2023 was approximately RMB2,816.4 million. Of which, revenue from community asset operation services was approximately RMB922.9 million, representing a year-on-year increase of approximately 6.8%, 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 RMB1,893.4 million, representing a year-on-year decrease of approximately 13.9%, which was mainly affected by the market environment of consumption downturn and intensifying competition, and the Group continued to optimise its product portfolio and enhance the focus of core products, resulting in contraction and volatility of some of the living services businesses.

## FUTURE DEVELOPMENT

Looking ahead, the property management industry will continue to move towards scale, professionalism and technological development. Poly Property will relentlessly enhance the core mission of "comprehensively enhancing quality and brand, strengthening business competence and rebuilding organisational effectiveness for reform", so as to sharpen more excellent service quality, more solid business competitiveness and more agile organisational capability and accelerate the progress towards high-quality development.

**Cultivate into core markets and optimise expansion layout**

The Group will deepen its "three ploughing" strategy and continue to optimise its market expansion layout. In terms of cultivation in cities, we will focus on 50 core cities with immense economic development potential, and implement the market expansion strategy of "one strategy for one city" to increase regional industrial resource studies and key project reserves, so as to further increase the density of projects and market share of the Group in the core cities. In terms of industry cultivation, we will focus on core industries with broad market prospects and highly compatible with the Group's service capabilities and resource advantages, such as urban scenic areas, railways and transportation properties, higher education and teaching and research properties, and commercial and corporate space services. At the same time, we will focus on 11 selected tier 1 and tier 2 cities and put more efforts in the further expansion of our existing residential property portfolio by leveraging excellent service quality and the branding of state-owned enterprise. In terms of customer cultivation, we will enhance our efforts in the financial, energy and communications sectors, and at the same time strengthen service product research and development and exclusive capacity development in emerging industries such as new energy, new manufacturing and new materials, as well as accelerate the market expansion for services with state-owned characteristics and IFM integrated facilities and equipment services.

**Refine community value-added business to accelerate the building up of core products**

The Group will focus on the needs of over two million property owners for community assets and lifestyle services, and continue to iterate and optimise its products and service models to enhance the responsiveness and service capabilities of its frontline business. For the community asset services segment, we will take the full-cycle asset services for property owners as the core, increase the construction of product capabilities in the fields of community asset trading, consultancy, custody, maintenance and renovation, etc., and create the one-stop asset service capability. For the community living services segment, we will intensify our efforts in the "Hé Market" model, strengthen the "offline living platform + online shopping mall linkage" model, and fully leverage our insights into the needs of communities, strengths in warehousing and distribution services to enhance our product capabilities. Meanwhile, we will optimise the quality and management efficiency of the supply chain and establish an integrated marketing system to facilitate the effective conversion of demand, so as to provide property owners with a richer and more convenient living service experience.

**Enhance service quality and build excellent brand power**

The Group will further enhance quality branding with a fully refreshed positioning, aiming to provide customers with quality service experience and solidify the Group's benchmark brand image in the industry. We will focus on three core strategies to enhance our brand vitality and market competitiveness. Firstly, we will optimise our service evaluation system, dynamically monitor customer feedback, and establish a product mechanism to optmise our service design based on customer feedback in a timely manner, so as to improve the shaping of product competitiveness. Secondly, we will strengthen the organisational construction and functioning of our digital operation centre and customer service centre to optimise the efficiency of work order scheduling and the speed of response to customer needs, so as to provide customers with precise and efficient services and to rejuvenate our business vitality. Thirdly, we will deeply integrate service solutions and comprehensive budget design to realise the balance unification of service standards, quality control specification and cost standards, and realise quality improvement through more refined management.

**Innovate the management mechanism to drive lean and efficient operations**

The Group has been striving to establish a more agile, efficient and dynamic organisational management mechanism. Firstly, the Group will optimise its organisational structure, increase organisational support of core segments such as commercial and office building services and public property services, strengthen the vertical management of its core industries, and realise the effective combination of cultivation of regional resources and development of professional industries. Secondly, we will increase our investment in technology, including the construction of value-added business systems and tools, digital operation centres and customer experience, in order to enhance the intelligence of process management and the efficiency of frontline operations as well as expand the application and promotion of AI technologies in the field of business. Thirdly, in terms of lean management, the Group will continue to optimise management, reduce costs and increase efficiency, and strengthen full-cycle lean management by focusing on the three major dimensions of comprehensive budgeting, process design and procurement costs. Fourthly, we will cultivate diversified growth poles, stimulate business innovation and potential incubation, and open up new business growth points, so as to continuously inject new momentum into corporate development.

## 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:

| | **Year ended 31 December** | | | | |
|---|---|---|---|---|---|
| | **2023** | | 2022 | | |
| | **Revenue** | **Percentage of revenue** | Revenue | Percentage of revenue | Growth rate |
| | ***RMB'000*** | ***%*** | *RMB'000* | *%* | *%* |
| Property management services | **10,152,181** | **67.4** | 8,428,388 | 61.6 | 20.5 |
| Value-added services to non-property owners | **2,093,316** | **13.9** | 2,194,641 | 16.0 | -4.6 |
| Community value-added services | **2,816,361** | **18.7** | 3,063,633 | 22.4 | -8.1 |
| **Total** | **15,061,858** | **100.0** | 13,686,662 | 100.0 | 10.0 |

For the year ended 31 December 2023, the total revenue of the Group amounted to approximately RMB15,061.9 million (2022: approximately RMB13,686.7 million), representing an increase of approximately 10.0% as compared to the corresponding period of 2022, which was mainly due to the increase in revenue driven by the continuous increase in the management scale of the Group.

**Cost of services**

During the year, the cost of services of the Group amounted to approximately RMB12,108.8 million (2022: approximately RMB11,112.8 million), representing an increase of approximately 9.0% as compared to the corresponding period of 2022. The increase in the cost of services was mainly due to the corresponding increase in services costs and utilities costs as a result of the expansion of GFA under management and the increase in the number of projects under 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:

| | Year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | **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 | **1,481,077** | **50.2** | **14.59** | 1,194,558 | 46.4 | 14.17 |
| Value-added services to non-property owners | **391,241** | **13.2** | **18.69** | 400,553 | 15.6 | 18.25 |
| Community value-added services | **1,080,773** | **36.6** | **38.37** | 978,733 | 38.0 | 31.95 |
| **Total** | **2,953,091** | **100.0** | **19.61** | 2,573,844 | 100.0 | 18.81 |

For the year ended 31 December 2023, the Group's gross profit was approximately RMB2,953.1 million, representing an increase of approximately 14.7% as compared to approximately RMB2,573.8 million for the corresponding period of 2022. The Group's gross profit margin increased from approximately 18.81% for the corresponding period of 2022 to approximately 19.61%.

For the year ended 31 December 2023, the Group's gross profit margin for property management services was approximately 14.59% (2022: approximately 14.17%), representing an increase of approximately 0.42 percentage points as compared to the corresponding period of 2022.

For the year ended 31 December 2023, the Group's gross profit margin for value-added services to non-property owners was approximately 18.69% (2022: approximately 18.25%), representing an increase of approximately 0.44 percentage points as compared to the corresponding period of 2022.

For the year ended 31 December 2023, the Group's gross profit margin for community value-added services was approximately 38.37% (2022: approximately 31.95%), representing an increase of approximately 6.42 percentage points as compared to the corresponding period of 2022.

**Other income and other gains and losses, net**

For the year ended 31 December 2023, other income and other gains and losses, net was approximately RMB136.3 million, representing a decrease of approximately 16.9% as compared to approximately RMB164.0 million for the year ended 31 December 2022, primarily due to (i) the decrease in additional deduction of input VAT applicable for the current period; and (ii) the decrease in the net exchange gain recognised in respect of changes in foreign exchange rates.

**Administrative expenses**

For the year ended 31 December 2023, the total administrative expenses of the Group was approximately RMB1,226.2 million, representing an increase of approximately 1.6% as compared to approximately RMB1,207.0 million for the year ended 31 December 2022. The administrative expenses of the Group accounted for approximately 8.1% (for the year ended 31 December 2022: approximately 8.8%) of the total revenue, representing a decrease as compared to the corresponding period of 2022.

**Profit for the year**

For the year ended 31 December 2023, the profit for the year of the Group was approximately RMB1,397.2 million, representing an increase of approximately 23.3% as compared to approximately RMB1,133.3 million for the corresponding period of 2022. The profit for the year attributable to owners of the Company was approximately RMB1,380.1 million, representing an increase of approximately 24.0% as compared to approximately RMB1,112.9 million for the corresponding period of 2022. The net profit margin was approximately 9.3%, representing an increase of approximately 1.0 percentage point as compared to approximately 8.3% for the corresponding period of 2022.

**Current assets, reserves and capital structure**

For the year ended 31 December 2023, the Group maintained a sound financial position. As at 31 December 2023, the current assets amounted to approximately RMB14,228.1 million, representing an increase of approximately 17.3% as compared to approximately RMB12,132.9 million as at 31 December 2022. As at 31 December 2023, the cash and cash equivalents of the Group amounted to approximately RMB11,011.5 million, representing an increase of approximately 22.9% as compared to approximately RMB8,956.3 million as at 31 December 2022. As at 31 December 2023, the gearing ratio of the Group was approximately 40.3%, representing an increase of approximately 0.1 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 31 December 2023, the Group's total equity was approximately RMB8,876.5 million, representing an increase of approximately RMB1,031.7 million or approximately 13.2% as compared to approximately RMB7,844.8 million as at 31 December 2022, which was primarily due to the contributions from the profits realised 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 31 December 2023, the Group's property, plant and equipment amounted to approximately RMB241.9 million, representing an increase of approximately RMB23.0 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, carpark spaces and clubhouses. As at 31 December 2023, the Group's leased assets and investment properties amounted to approximately RMB226.5 million, representing a decrease of approximately RMB286.0 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 acquisition of subsidiaries. As at 31 December 2023, the Group's intangible assets amounted to approximately RMB103.9 million, representing a decrease of approximately RMB10.9 million as compared to approximately RMB114.8 million as at 31 December 2022, which was primarily due to the amortisation of property management contracts and disposal of a subsidiary.

**Trade and bills receivables**

As at 31 December 2023, trade and bills receivables amounted to approximately RMB2,340.6 million, representing an increase of approximately RMB77.4 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 increase in the percentage of revenue from property management services for public service projects and the increase in the balance of trade receivables due to the impact of the credit terms.

**Prepayments, deposits and other receivables**

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

As at 31 December 2023, prepayments, deposits and other receivables amounted to approximately RMB844.6 million, representing a decrease of approximately 3.2% as compared to approximately RMB873.0 million as at 31 December 2022, which was mainly due to the increased efforts to recover payments paid on behalf of property owners and other payments.

**Trade payables**

As at 31 December 2023, trade payables amounted to approximately RMB2,009.1 million, representing an increase of approximately 27.6% as compared to approximately RMB1,574.9 million as at 31 December 2022, which was primarily due to the expansion of the GFA under management of the Group 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; and (iv) salaries payable.

As at 31 December 2023, accruals and other payables amounted to approximately RMB2,161.2 million, representing an increase of approximately 8.7% as compared to approximately RMB1,988.9 million as at 31 December 2022, which was mainly due to (i) the increase in deposits from property owners in relation to fitting-out; and (ii) the increase in temporary receipts from property owners.

### Borrowings

As at 31 December 2023, the Group had no borrowings or bank loans.

## PLEDGE OF ASSETS

As at 31 December 2023, the Group had no pledge of assets.

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

The Group had no significant investment, and major acquisition and disposal for the year ended 31 December 2023. In addition, except for the section headed “Future Development” in “Management Discussion and Analysis” in this announcement, the expansion plans disclosed in the announcement on the updated 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 on 19 December 2019 with 133,333,400 new H Shares issued and, upon the exercise of the over-allotment options 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 31 December 2023, the Group has used approximately HK$3,989.0 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 updated status of the expected timetable on the use of proceeds dated 30 December 2022 (the “**Announcement**”) of the Company. The unutilised net proceeds amount to approximately HK$1,229.2 million, which will be allocated and used in accordance with the use and proportions as set out in the Announcement. Details of the specific use are as follows:

| Revised use of the net proceeds as stated in the Announcement | Revised percentage of net proceeds as stated in the Announcement *%* | Net proceeds for revised planned use as stated in the Announcement *HK$ millions* | Net proceeds actually utilised as of 31 December 2023 *HK$ millions* | Revised net proceeds unutilised as of 31 December 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 | 174.4 | 791.0 | 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 | 3,261.4 | 0.0 | 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 | 62.2 | 407.4 | On or before 31 December 2024 |
| Working capital and general corporate purposes | 10.0 | 521.8 | 491.0 | 30.8 | On or before 31 December 2024 |
| Total | 100.0 | 5,218.2 | 3,989.0 | 1,229.2 | |

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

## CONTINGENT LIABILITIES

As at 31 December 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 is 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 significant subsequent events after 31 December 2023 and up to the date of this announcement.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group had 33,902 employees (as at 31 December 2022: 43,433 employees). For the year ended 31 December 2023, the total staff costs were approximately RMB4,352.5 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.

## EMPLOYEE TRAINING AND DEVELOPMENT

The Group places strong emphasis on recruitment and provides employees with continuous training programmes and career development opportunities. The Company has initiated special internal recruitment exercises such as “Tiger Seeking Action” and “Chief Ranking” to replenish a diversity of outstanding talents in the industry on an ongoing basis and effectively enhanced organisational capabilities. The Group actively promotes the employment empowerment exercise for graduates, strengthens the learning and training management for new employees, and enhances the work experience and development plan of new employees. The Group has continued to refine the construction of its key talent team and to connect the talent supply chain for talent assessment, development and appointment. We have continued to carry out the leadership programme named “Galaxy Commander”, upgrade the talent management system for project managers, nurture the “Star Generation” and plan for succession, etc., so as to bolster the buildup of the Company’s hierarchical and categorised talent management system, enhance the effectiveness of talent management, and promote the growth and career development of employees.

## ANNUAL DIVIDEND

The Board proposed the distribution of an annual dividend of RMB0.998 per share (tax inclusive) for the year ended 31 December 2023 with a proposed dividend payout ratio of approximately 40%. The dividend distribution plan shall be subject to the approval of the shareholders of the Company at the annual general meeting to be held on 27 May 2024 (the "**2023 AGM**") and is expected to be paid on or before 12 July 2024. The proposed annual dividend will be declared in Renminbi and settled in Hong Kong dollars (for H Shares) and Renminbi (for domestic shares), the exchange rate of which will be calculated based on the average exchange rate of Renminbi against Hong Kong dollars published by the People's Bank of China five business days prior to the 2023 AGM.

## NOTICE OF ANNUAL GENERAL MEETING

The 2023 AGM will be held on Monday, 27 May 2024. Notice of the 2023 AGM will be published on the designated website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.polywuye.com and will be dispatched to the shareholders in due course and in such manner as required under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

## CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the shareholders' eligibility to attend and vote at the 2023 AGM (and any adjourned meeting thereof), the register of members of the Company will be closed from Wednesday, 22 May 2024 to Monday, 27 May 2024, both days inclusive, during which period no transfer of the shares will be registered. In order for the H shareholders to qualify for attending and voting at the 2023 AGM, all properly completed share transfer forms together with the relevant H Share certificates shall be lodged with the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 21 May 2024. Shareholders whose names appear on the register of members of the Company on Monday, 27 May 2024 are entitled to attend and vote at the 2023 AGM.

## REVIEW OF ACCOUNTS

The Company's audit committee (the "**Audit Committee**") was established with written terms of reference in accordance with Appendix C1 to 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 had reviewed the audited consolidated financial statements and annual results of the Group for the year ended 31 December 2023, and discussed with the management of the Group regarding the accounting principles and practices adopted by the Group, and the internal controls and financial reporting matters.

## SCOPE OF WORK OF BAKER TILLY HONG KONG LIMITED

The figures in respect of the Group's announcement of annual results for the year ended 31 December 2023 have been agreed by the Group's auditor, Baker Tilly Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2023. The work performed by Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants. Consequently, no assurance has been expressed by Baker Tilly Hong Kong Limited on the announcement of annual results.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted code provisions of the Corporate Governance Code (the "**Corporate Governance Code**") in Appendix C1 to the Listing Rules as its own code of corporate governance. The Company complied with all the applicable code provisions of the Corporate Governance Code for the year ended 31 December 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 C3 to the Listing Rules as the code of conduct regarding dealing of securities transactions by the Directors of the Company and supervisors of the Company ("**Supervisors**"). The Company has made specific enquiries with all Directors and Supervisors and all of them have confirmed that they have complied with the required standard as set out in the Model Code for the year ended 31 December 2023.

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

For the year ended 31 December 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 Restricted Share Incentive Scheme, which shall be valid and effective for a term of ten years.

For the year ended 31 December 2023, the Company effectively granted a total of 770,800 restricted shares to the Scheme Participants pursuant to the terms of the Restricted Share Incentive Scheme. The fair value of the restricted shares granted on the grant date was determined as HK$32.04 per share. Details of the changes in the number of restricted shares granted under the Restricted Share Incentive Scheme and the related fair value are set out in note 16 to the consolidated financial statements of this announcement.

The summary and details of grant of the Restricted Share Incentive Scheme will be further disclosed in the Company's 2023 annual report.

## PUBLIC FLOAT

According to published information and the Directors' knowledge, for the year ended 31 December 2023 and as at the date of this announcement, the Company maintained sufficient public float in compliance with the Listing Rules.

## PUBLICATION OF ANNOUNCEMENT OF ANNUAL RESULTS AND ANNUAL 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 annual report of the Company for the year ended 31 December 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, 26 March 2024

*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 and Mr. Huang Hai; and the independent non-executive Directors of the Company are Mr. Wang Xiaojun, Ms. Tan Yan and Mr. Zhang Liqing.*