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POLY PROPERTY SERVICES CO., LTD.

保利物業服務股份有限公司

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

(Stock Code: 06049)

**CONNECTED TRANSACTION
EQUITY TRANSFER AGREEMENT**

THE EQUITY TRANSFER AGREEMENT

On 31 May 2023, the Company entered into the Equity Transfer Agreement with Poly Innovation Investment and Poly Southern, pursuant to which, the Company and Poly Innovation Investment agreed to transfer the Target Equity to Poly Southern at considerations of RMB13.1113 million and RMB17.4817 million, respectively. Upon completion of the transaction, the Company will no longer hold any equity interests in Poly Hele.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Poly Developments and Holdings is interested in an aggregate of 72.289% of the total issued share capital of the Company and is a controlling shareholder of the Company. Poly Southern is a controlling shareholder of Poly Developments and Holdings, and Poly Innovation Investment is a wholly-owned subsidiary of Poly Developments and Holdings, therefore, Poly Southern and Poly Innovation Investment are connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Equity Transfer Agreement will constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Equity Transfer Agreement exceeds 0.1% but is less than 5%, the Company is subject to the reporting and announcement requirements but exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

1. PRINCIPAL TERMS OF THE EQUITY TRANSFER AGREEMENT

- Date : 31 May 2023
- Parties : (i) the Company (as a transferor)
- (ii) Poly Innovation Investment (as a transferor)
- (iii) Poly Southern (as the transferee)
- Subject matter : The Company and Poly Innovation Investment agreed to transfer and Poly Southern agreed to acquire the Target Equity held by the Company and Poly Innovation Investment. Upon completion of the Equity Transfer, the Company will no longer hold any equity interests in Poly Hele.
- Considerations : The considerations to be paid to the Company and Poly Innovation Investment by Poly Southern before 31 December 2023 and after the Equity Transfer Agreement takes effect are RMB13.1113 million and RMB17.4817 million, respectively. The amounts of the considerations were arrived at after arm's length negotiations between the Company, Poly Innovation Investment and Poly Southern and were determined with reference to the valuation report prepared by an independent Valuer. As at 31 December 2022, the valuation benchmark date (the "**Benchmark Date**"), the appraised value of the entire equity interest of Poly Hele was approximately RMB94.4959 million.
- The conclusion in the valuation report was based on the result of income approach. As Poly Hele is not a subsidiary of the Company as at the date of this announcement, and will not become a subsidiary of the Company upon completion of the Equity Transfer, the valuation does not constitute a profit forecast under Rules 14.60A, 14.61 and 14.62 of the Listing Rules.
- Completion : The date of completion of the Equity Transfer shall be the day on which the transfer of the Target Equity is registered with relevant industrial and commercial authorities. The Company and Poly Innovation Investment shall assume and share any profits or losses that may arise from the Benchmark Date to the date of completion on a pro rata basis based on their respective shareholdings.

Shareholders' loan : As at 30 April 2023, the Company had provided an aggregate of RMB19.5756 million to Poly Hele as shareholders' loan (including accrued interest), and Poly Innovation Investment had provided an aggregate of RMB29.2040 million to Poly Hele as shareholders' loan (including accrued interest). The aforementioned shareholders' loan with accrued interest will also be assigned to Poly Southern at book value. Any interest accrued thereon from 1 May 2023 to the date on which the considerations for the assignment of the shareholders' loans with accrued interests to be paid by Poly Southern shall be payable by Poly Southern to the Company and Poly Innovation Investment, respectively, at an interest rate of 3.65% per annum (“**Interests for the Period**”). Poly Southern shall pay the aforementioned considerations for the assignment of the shareholders' loans with accrued interests and Interests for the Period before 31 December 2023 and after the Equity Transfer Agreement takes effect.

Effective date : The Equity Transfer Agreement shall come into force on the date on which the parties or their authorized representatives sign and seal the agreement and obtain approval on the transfer from relevant state-owned assets supervision authorities.

The final consideration for the Equity Transfer shall be subject to the results of state-owned assets assessment and filing, and the final consideration for the assignment of the shareholders' loans shall be based on the amount of principal and accrued interest as at the date of actual payment of the consideration for the assignment of the shareholders' loans.

2. FINANCIAL INFORMATION OF POLY HELE

Poly Hele is a company with limited liability established in the PRC on 5 November 2015. As at the date of this announcement, Poly Hele was held as to 13.875% and 18.50% equity interest by the Company and Poly Innovation Investment, respectively, and the remaining 67.625% equity interest by a total of 5 other shareholders. Poly Hele is an education services provider in the PRC.

The audited financial information of Poly Hele, extracted from its audited financial reports prepared by an independent Auditor in accordance with Chinese Accounting Standards for Business Enterprises for the years ended 31 December 2021 and 2022 is set out below:

	For the year ended 31 December 2022	For the year ended 31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit before tax	4,090	4,062
Net profit after tax	4,044	4,050

As at 31 December 2022, the audited net asset of Poly Hele was approximately RMB-44.04 million.

3. FINANCIAL IMPACT AND USE OF PROCEEDS

The audited book value measured at fair value of 13.875% equity interest in Poly Hele was RMB12.00 million as at 31 December 2022. The Company is expected to record a gain of RMB1.1113 million (before tax and expenses) through the transfer of 13.875% equity interest in Poly Hele. The specific accounting method and impact shall be subject to the results upon annual review by the auditing firm.

Upon completion of the transaction, the Company will no longer hold any equity interest in Poly Hele. The Equity Transfer will not have any adverse effects on the Company's financial position, operating results, subsequent principal business and going concern. The Company intends to use the proceeds from the Equity Transfer (after tax and expenses) to fund the working capital of the Company.

4. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Based on the Company's operations development needs, the Company has decided to transfer all of its equity interest in Poly Hele. The Board (including the independent non-executive Directors) is of the view that the terms of the Equity Transfer Agreement are fair and reasonable and that the transactions contemplated thereunder are carried out in the ordinary course of the Company's business on normal or more favourable commercial terms and are in the interests of the Company and its Shareholders as a whole.

The Directors, namely Ms. Wu Lanyu, Mr. Liu Ping, Mr. Hu Zaixin and Mr. Huang Hai, have abstained from voting on the resolution to approve the Equity Transfer Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors have any material interest in the Equity Transfer Agreement and the transactions contemplated thereunder.

5. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Poly Developments and Holdings is interested in an aggregate of 72.289% of the total issued share capital of the Company and is a controlling shareholder of the Company. Poly Southern is a controlling shareholder of Poly Developments and Holdings, and Poly Innovation Investment is a wholly-owned subsidiary of Poly Developments and Holdings, therefore, Poly Southern and Poly Innovation Investment are connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Equity Transfer Agreement will constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Equity Transfer Agreement exceeds 0.1% but is less than 5%, the Company is subject to the reporting and announcement requirements but exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

6. INFORMATION OF THE PARTIES

Information of the Group

The Company is a joint stock company with limited liability established in the PRC on 26 June 1996. The Group is a leading comprehensive property management service provider in the PRC with extensive property management scale and state-owned background, and is mainly engaged in providing property management services, value-added services to non-property owners and community value-added services.

Information of Poly Innovation Investment

Poly Innovation Investment is a company with limited liability established in the PRC on 20 August 2015, and a wholly-owned subsidiary of Poly Developments and Holdings. Poly Innovation Investment is principally engaged in investment and asset management.

Information of Poly Southern

Poly Southern is a company with limited liability established in the PRC on 9 July 1992, and a wholly-owned subsidiary of China Poly Group. As at the date of this announcement, Poly Developments and Holdings is held as to 37.69% equity interest by Poly Southern, which is a controlling shareholder of Poly Developments and Holdings. Poly Southern is principally engaged in corporate management service and house leasing business.

7. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Auditor”	Hubei Haixin Certified Public Accountants Co., Ltd (湖北海信會計師事務所有限公司)
“Board”	the board of Directors of the Company
“China Poly Group”	China Poly Group Corporation Limited (中國保利集團有限公司), a wholly state-owned company established in the PRC on 9 February 1993 and wholly-owned by the State-owned Assets Supervision and Administration Commission of the State Council, and a controlling shareholder of the Company
“Company”	Poly Property Services Co., Ltd., a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
“Equity Transfer”	the Equity Transfer Agreement and the transactions contemplated thereunder
“Equity Transfer Agreement”	the Equity Transfer Agreement dated 31 May 2023 entered into between the Company, Poly Innovation Investment and Poly Southern
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Main Board of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Poly Developments and Holdings”	Poly Developments and Holdings Group Co., Ltd. (保利發展控股集團股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose shares are listed on the Main Board of the Shanghai Stock Exchange (stock code: 600048). Poly Developments and Holdings is a controlling shareholder of the Company
“Poly Hele”	Poly Hele (Zhuhai) Education Technology Group Co., Ltd. (保利和樂(珠海)教育科技集團有限公司), a limited liability company established in the PRC
“Poly Innovation Investment”	Poly (Hengqin) Innovation Industry Investment Management Co., Ltd. (保利(橫琴)創新產業投資管理有限公司), a limited liability company established in the PRC
“Poly Southern”	Poly Southern Group Co., Ltd (保利南方集團有限公司), formerly known as Poly Southern Co., Ltd (保利南方總公司), a limited liability company established in the PRC, and a controlling shareholder of the Company
“PRC”	the People’s Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires, references in this announcement to “China” and the “PRC” do not include Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Equity”

the transfer of 13.875% and 18.50% equity interest in Poly Hele by the Company and Poly Innovation Investment to Poly Southern, respectively, pursuant to the Equity Transfer Agreement

“Valuer”

Guangzhou Yeqin Assets & Land and Real Estate Appraisal Co. Ltd (廣州業勤資產評估土地房地產估價有限公司)

In this announcement, the terms “associate”, “connected person”, “connected transaction”, “controlling shareholder” and “subsidiary” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

The English names of Chinese entities included in this announcement are unofficial translations of their Chinese names and are included for identification purposes only.

By Order of the Board
POLY PROPERTY SERVICES CO., LTD.
Wu Lanyu
Chairman of the Board and Executive Director

Guangzhou, the PRC, 31 May 2023

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