



保利物業服務股份有限公司

POLY PROPERTY SERVICES CO., LTD.

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

Stock Code: 06049.HK

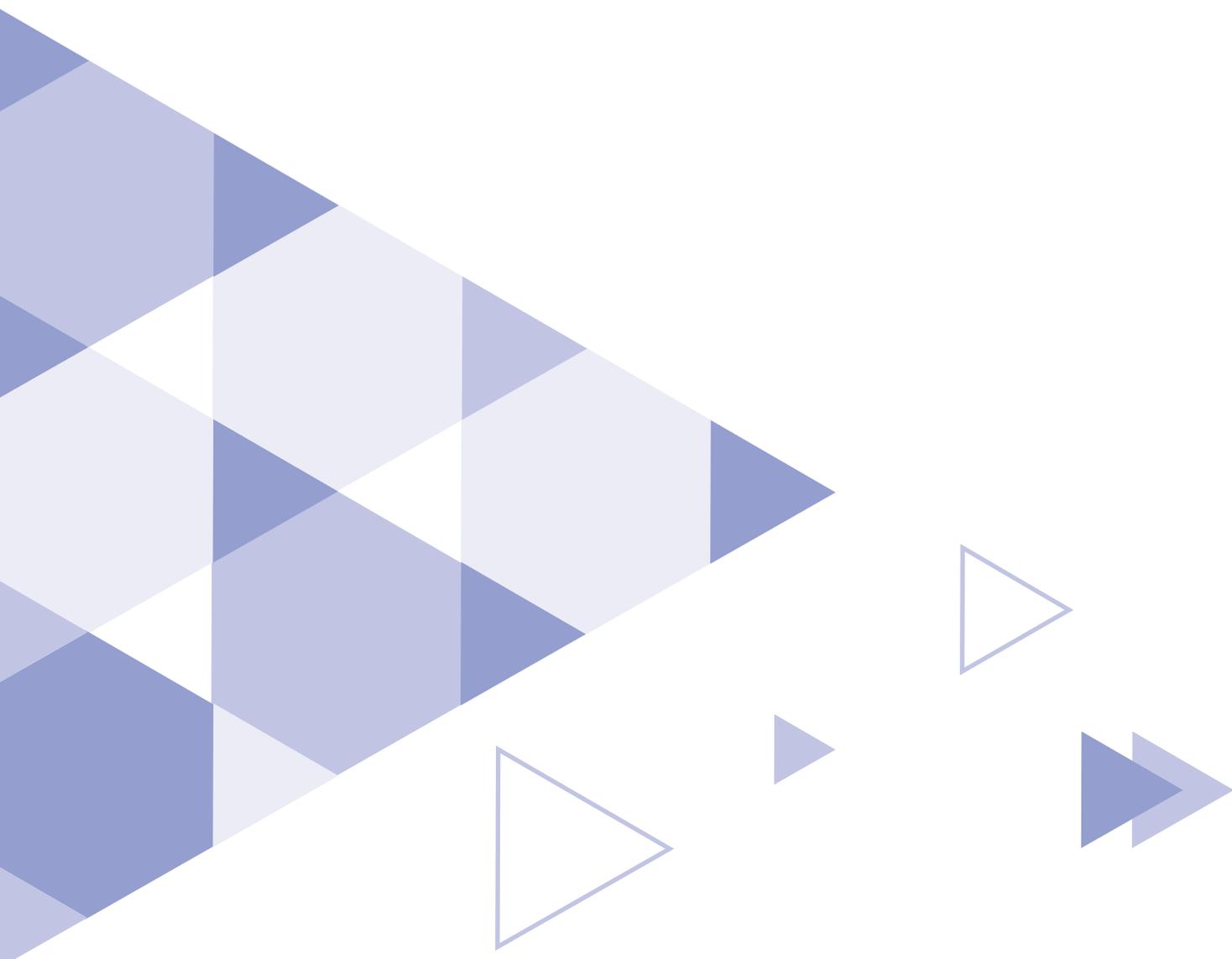


2023
INTERIM REPORT

**KEEP
IMPROVING**

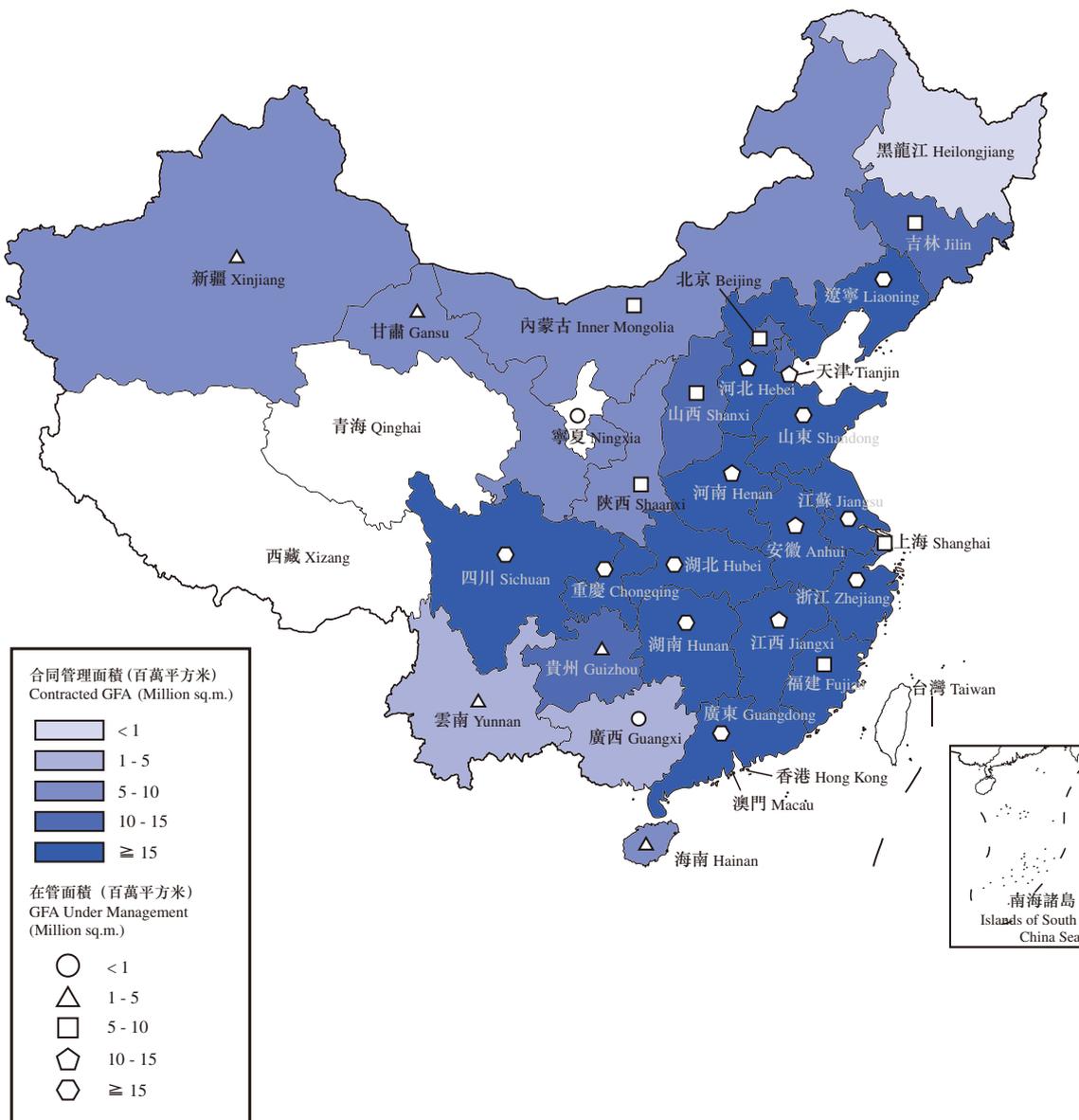
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COMPANY OVERVIEW

Poly Property Services Co., Ltd. (the “**Company**” or “**Poly Property**”, and together with its subsidiaries, the “**Group**” or “**we**”) 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 Top100 Property Management Companies in China by the China Index Academy, the Group ranked third among the Top100 Property Management Companies in China and first in terms of business size among the property management companies with state-owned background. The Group has actively pushed forward the “Comprehensive Property” strategy and its management business portfolio covers residential communities, commercial and office buildings, and public and other properties. As at 30 June 2023, the Group’s contracted gross floor area (“**GFA**”) and GFA under management were approximately 842.4 million sq.m. and 650.5 million sq.m., respectively, covering 209 cities across 28 provinces, municipalities and autonomous regions in China.





CORPORATE INFORMATION

As at 22 August 2023, date of this interim report (the “date of this report”)

BOARD OF DIRECTORS

Executive Director

Ms. Wu Lanyu (Chairman)

Non-executive Directors

Mr. Liu Ping

Mr. Hu Zaixin

Mr. Huang Hai

Independent Non-executive Directors

Mr. Wang Xiaojun

Ms. Tan Yan

Mr. Zhang Liqing

BOARD COMMITTEES

Audit Committee

Ms. Tan Yan (Chairman)

Mr. Hu Zaixin

Mr. Huang Hai

Mr. Wang Xiaojun

Mr. Zhang Liqing

Remuneration Committee

Mr. Wang Xiaojun (Chairman)

Ms. Tan Yan

Mr. Zhang Liqing

Nomination Committee

Ms. Wu Lanyu (Chairman)

Mr. Liu Ping

Mr. Wang Xiaojun

Ms. Tan Yan

Mr. Zhang Liqing

SUPERVISORY COMMITTEE

Ms. Liao Moqiong (Chairman) (appointed on 17 May 2023)

Mr. Yang Haibo (appointed on 17 May 2023)

Ms. Mu Jing

JOINT COMPANY SECRETARIES

Mr. Yin Chao

Mr. Lau Kwok Yin

AUTHORISED REPRESENTATIVES

Ms. Wu Lanyu

Mr. Lau Kwok Yin

AUDITOR

Baker Tilly Hong Kong Limited

Certified Public Accountants and Registered PIE Auditor

Level 8, 728 King’s Road,

Quarry Bay, Hong Kong

LEGAL ADVISOR

Han Kun Law Offices LLP

Rooms 3901-05, 39/F

Edinburgh Tower, The Landmark

15 Queen’s Road Central, Hong Kong

PRINCIPAL BANKER

China Construction Bank

Poly Grand Mansion Branch

Shop 102, No.3 Chen Yue Road,

Hai Zhu District, Guangzhou, Guangdong Province, the PRC

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

48-49th Floor, Poly Plaza

No. 832 Yue Jiang Zhong Road

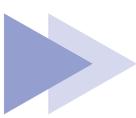
Hai Zhu District, Guangzhou, Guangdong Province

The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F, Dah Sing Financial Centre

248 Queen’s Road East, Wanchai, Hong Kong



CORPORATE INFORMATION

As at 22 August 2023, date of this report

H SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
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Hong Kong

INVESTOR RELATIONS

Telephone: (86) 20 8989 9959
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COMPANY WEBSITE

www.polywuye.com

STOCK CODE ON THE HONG KONG STOCK EXCHANGE

06049



FINANCIAL SUMMARY

SUMMARY OF THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2023	2022
Revenue (RMB million)	7,141.2	6,449.4
Gross profit (RMB million)	1,511.5	1,304.9
Gross profit margin	21.17%	20.23%
Profit for the Period (RMB million)	776.8	635.5
Net profit margin	10.9%	9.9%
Profit for the Period attributable to owners of the Company (RMB million)	763.5	628.3
Basic earnings per share (RMB)	1.38	1.14
Return on shareholders' equity (weighted average)	9.7%	9.0%

SUMMARY OF THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at	As at
	30 June	31 December
	2023	2022
Total assets (RMB million)	14,626.4	13,109.5
Cash and cash equivalents (RMB million)	6,895.9	8,956.3
Total equity (RMB million)	8,328.6	7,844.8
Gearing ratio	43.1%	40.2%

AWARDS AND HONOURS



2023 TOP100 Property Management Companies in China (Top3)



2023 TOP20 Listed Company of Property Management Service



2023 China TOP10 Property Management Companies in terms of Business Performance



2023 China TOP10 Property Management Companies in terms of Business Size



2023 Leading Companies in Smart City Service of China's Property Management



2023 China Leading Property Management Companies in terms of Service Quality



2023 TOP10 of China Property Management Companies



2023 TOP10 State-owned Property Management Companies in China



2023 Leading Listed Company of Property Management Service – Revenue Scale TOP10



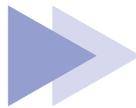
2023 Leading Listed Company of Property Management Service – ESG Sustainability TOP10



2023 Leading Listed Company of Property Management Service – Management Scale TOP10



2023 Leading Listed Company of Property Management Service – Profit Scale TOP10



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

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

For the six months ended 30 June 2023, the Group’s revenue from property management services amounted to approximately RMB4,818.1 million, representing an increase of approximately 21.8% as compared to the corresponding period of 2022, which is mainly due to the expansion of GFA under management and the increase in the number of projects under management of the Group.

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

Source of projects	As at 30 June					
	2023			2022		
	Contracted GFA '000 sq.m.	Percentage of contracted GFA %	Number of contracted projects	Contracted GFA '000 sq.m.	Percentage of contracted GFA %	Number of contracted projects
Poly Developments and Holdings Group (Note 1)	322,759	38.3	1,467	296,667	40.6	1,307
Third parties (Note 2)	519,644	61.7	1,363	434,885	59.4	1,268
Total	842,403	100.0	2,830	731,552	100.0	2,575

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

Note 2: The GFA from “third parties” as set out in the section headed “Management Discussion and Analysis” in this report 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.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group continues 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 has been awarded the title of “Leading Brand in China’s Real Estate Industry (中國房地產行業的領導公司品牌)” for 13 consecutive years. During the six months ended 30 June 2023 (the “Period”), Poly Developments and Holdings Group realised a contracted sales amount of RMB236,821 million, ranked first in the industry. As at 30 June 2023, the contracted GFA from Poly Developments and Holdings Group was approximately 322.8 million sq.m..

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

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

For the six months ended 30 June or as at 30 June

Source of projects	2023					2022				
	Revenue		GFA under management		Number of projects under management	Revenue		GFA under management		Number of projects under management
	RMB'000	%	'000 sq.m.	%		RMB'000	%	'000 sq.m.	%	
Poly Developments and Holdings Group	2,849,523	59.1	238,430	36.7	1,137	2,468,530	62.4	200,797	38.4	950
Third parties	1,968,609	40.9	412,034	63.3	1,093	1,486,370	37.6	322,295	61.6	960
Total	4,818,132	100.0	650,464	100.0	2,230	3,954,900	100.0	523,092	100.0	1,910

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



MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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



MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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



MANAGEMENT DISCUSSION AND ANALYSIS

Steady increase in the average property management fee per unit

Benefiting from higher pricing standards for new projects and price increase for certain projects under management, the average property management fee per unit of the Group remained stable and was on an increasing trend.

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

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

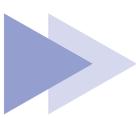
Value-added services to non-property owners – representing approximately 14.7% of the total revenue

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

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

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

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



MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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



MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE DEVELOPMENT

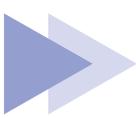
As a fundamental and people-oriented service industry, the property management and service industry has provided active support to community security, commercial services and public governance amid the fluctuation in economic development, demonstrating credible resilience and stability. With the implementation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

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

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

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

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



MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

With the expansion of business scale, the importance of lean operation management to the sustainable development of enterprises has become more and more prominent. We will continuously strengthen the Group's innovative and lean management in cost management, organisation and talents and digital application. In terms of lean management of costs, we will deepen the comprehensive budgeting system and full-cycle cost control of projects, enhance the precision of project cost management and continue to improve the scientific and intensive nature of cost management based on our project experience and cost data. In terms of organisation and talents, we will broaden the channels for talent introduction, increase the introduction of talents in key positions and continue to optimise the incentive mechanism and organisational form to cater for the cross-region, cross-business-portfolio and cross-industrial business development. In terms of the application of digital tools, we will accelerate the iterative upgrade of digital tools and applications for intelligent residential areas, digital commercial and office buildings and intelligent public services to empower the effective and detailed management and control of our business, and promote the integration and in-depth development of digital tools and business management.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

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

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

	Six months ended 30 June				
	2023		2022		Growth rate %
	RMB'000	Percentage of revenue %	RMB'000	Percentage of revenue %	
Property management services	4,818,132	67.5	3,954,900	61.3	21.8
Value-added services to non-property owners	1,050,623	14.7	1,092,241	16.9	-3.8
Community value-added services	1,272,451	17.8	1,402,296	21.8	-9.3
Total	7,141,206	100.0	6,449,437	100.0	10.7

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

Cost of services

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

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

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

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

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

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

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

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

Other income and other gains and losses, net

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



MANAGEMENT DISCUSSION AND ANALYSIS

Administrative expenses

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

Profit for the Period

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

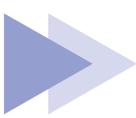
Current assets, reserves and capital structure

For the six months ended 30 June 2023, the Group maintained a sound financial position. As at 30 June 2023, the current assets amounted to approximately RMB13,839.8 million, representing an increase of approximately 14.1% as compared to approximately RMB12,132.9 million as at 31 December 2022. As at 30 June 2023, the cash and cash equivalents of the Group amounted to approximately RMB6,895.9 million (among which, approximately RMB116.7 million was denominated in Hong Kong dollar, and the remaining was denominated in RMB), representing a decrease of approximately 23.0% as compared to approximately RMB8,956.3 million as at 31 December 2022, primarily due to the Group's deployment of funds into the asset operation business and value-added business with higher utilisation efficiency. As at 30 June 2023, the gearing ratio of the Group was approximately 43.1%, representing an increase of approximately 2.9 percentage points as compared to approximately 40.2% as at 31 December 2022. Gearing ratio represents the ratio of total liabilities over total assets.

As at 30 June 2023, the Group's total equity was approximately RMB8,328.6 million, representing an increase of approximately RMB483.8 million or approximately 6.2% as compared to approximately RMB7,844.8 million as at 31 December 2022, which was primarily due to the contributions from the realised profits in the Period.

Property, plant and equipment

The Group's property, plant and equipment primarily include self-use right-of-use assets, buildings, leasehold improvements, computer equipment, electronic equipment, transportation equipment, furniture and equipment. As at 30 June 2023, the Group's property, plant and equipment amounted to approximately RMB232.0 million, representing an increase of approximately RMB13.1 million as compared to approximately RMB218.9 million as at 31 December 2022, which was primarily due to the purchase of transportation equipment and the additions to right-of-use assets for the purpose of the Group's business operations.



MANAGEMENT DISCUSSION AND ANALYSIS

Leased assets and investment properties

The Group's leased assets and investment properties mainly comprise leased assets and carpark space and clubhouses. As at 30 June 2023, the Group's leased assets and investment properties amounted to approximately RMB369.5 million, representing a decrease of approximately RMB143.0 million as compared to approximately RMB512.5 million as at 31 December 2022, which was mainly attributable to depreciation.

Intangible assets

The Group's intangible assets primarily include property management contracts and goodwill obtained from the acquisition of subsidiaries. As at 30 June 2023, the Group's intangible assets amounted to approximately RMB109.8 million, representing a decrease of approximately RMB5.0 million as compared to approximately RMB114.8 million as at 31 December 2022, which was primarily due to the amortisation of property management contracts.

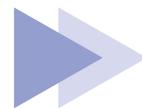
Trade and bills receivables

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

Prepayments, deposits and other receivables

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

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



MANAGEMENT DISCUSSION AND ANALYSIS

Trade payables

As at 30 June 2023, trade payables amounted to approximately RMB1,922.5 million, representing an increase of approximately 22.1% as compared to approximately RMB1,574.9 million as at 31 December 2022, which was primarily due to the expansion of the Group's GFA under management and the continuous increase in the scale of subcontracting to independent third-party service providers.

Accruals and other payables

Accruals and other payables mainly include: (i) deposits; (ii) temporary receipts from property owners; (iii) other tax payables; (iv) salary payables; and (v) dividend payables.

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

Borrowings

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

PLEDGE OF ASSETS

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

SIGNIFICANT INVESTMENT, MAJOR ACQUISITION AND DISPOSAL AND FUTURE PLANS

The Group had no significant investment, major acquisition and disposal during the Period. In addition, except for the sections headed "Future Development" in "Management Discussion and Analysis" in this report and the expansion plans disclosed in the Company's announcement on the update status of the expected timetable on the use of proceeds dated 30 December 2022, the Group did not have any special plans on significant investments, major acquisitions and disposals.

MANAGEMENT DISCUSSION AND ANALYSIS

PROCEEDS FROM THE LISTING

The H shares of the Company (the “H Shares”) were successfully listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) on 19 December 2019 with 133,333,400 new H Shares issued and, upon the exercise of the over-allotment option in full, 153,333,400 H Shares were issued in aggregate. Net proceeds from the listing amounted to approximately HK\$5,218.2 million after deducting the underwriting fees and relevant expenses. As of 30 June 2023, the Group has used approximately HK\$3,865.8 million of the proceeds. Such used proceeds were allocated and used in accordance with the use of proceeds as set out in the prospectus dated 9 December 2019, the announcement on the change of use of proceeds from the global offering dated 1 April 2021, the announcement on the further change of use of proceeds from the global offering dated 16 July 2021, and the announcement on the update status of the expected timetable on the use of proceeds dated 30 December 2022 (the “Announcement”) of the Company. The unutilised net proceeds are approximately HK\$1,352.4 million, which will be allocated and used in accordance with the purposes and proportions as set out in the Announcement. Details of the specific use are as follows:

Use of the net proceeds as stated in the Announcement	Percentage of net proceeds as stated in the Announcement %	Net proceeds for planned use as stated in the Announcement HK\$ millions	Net proceeds actually utilised as of 30 June 2023 HK\$ millions	Net proceeds unutilised as of 30 June 2023 HK\$ millions	Expected timetable for utilising the unutilised net proceeds
To pursue selective strategic investment and acquisition opportunities and to further develop strategic alliances and expand the scale of the Group’s property management and value-added services businesses, which include acquiring or investing in companies engaged in businesses related to property management or value-added services, or forming joint ventures with such companies, and investing in related industrial funds with business collaborative partners	18.5	965.4	144.8	820.6	On or before 31 December 2024
To further develop the Group’s value-added services, which include the development of value-added products and services related to daily scenarios (such as communities, commercial offices and urban management) and assets (such as leasing and sales of properties, parking spaces and shops), the upgrading of hardware and the development of smart community and commercial facilities operation services, and the development of value-added services related to commercial operations such as office buildings	62.5	3,261.4	3,234.4	27.0	On or before 31 December 2024
To upgrade the Group’s systems of digitisation and smart management, which include the purchase and upgrading of hardware for building smart terminals and Internet of Things platforms, the construction and development of internal information sharing platforms and databases, the recruitment and development of professional and technical staff and information management teams, and the commencement of R&D for innovative applications related to the Group’s business	9.0	469.6	56.0	413.7	On or before 31 December 2024
Working capital and general corporate purposes	10.0	521.8	430.6	91.2	On or before 31 December 2024
Total	100.0	5,218.2	3,865.8	1,352.4	

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



MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

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

FOREIGN EXCHANGE RISK

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

SUBSEQUENT EVENTS

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

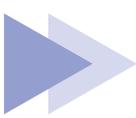
EMPLOYEES AND REMUNERATION POLICIES

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

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

EMPLOYEE TRAINING AND DEVELOPMENT

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



CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

The board (the “**Board**”) of directors (the “**Directors**”) of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2023.

REVIEW OF ACCOUNTS

The audit committee of the Company (the “**Audit Committee**”) was established with written terms of reference in accordance with Appendix 14 to Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The Audit Committee is delegated by the Board and is responsible for reviewing and monitoring the financial reporting, risk management and internal control systems of the Company, and assisting the Board to fulfil its responsibility for the audit of the Group.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements and interim report of the Group for the six months ended 30 June 2023, and discussed with the management of the Group regarding the accounting principles and practices adopted by the Group, and the internal control and financial reporting matters.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions in the Corporate Governance Code contained in Part 2 of Appendix 14 to the Listing Rules (the “**Corporate Governance Code**”) as its own code of corporate governance. The Company has complied with all the applicable code provisions of the Corporate Governance Code during the six months ended 30 June 2023.

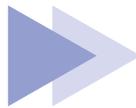
MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding dealing of securities transactions by the Directors and supervisors of the Company (“**Supervisors**”).

The Company has made specific enquiries of all Directors and Supervisors and each of them has confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2023.

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

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.



CORPORATE GOVERNANCE AND OTHER INFORMATION

RESTRICTED SHARE INCENTIVE SCHEME

As approved by the extraordinary general meeting of the Company dated 18 February 2022, the Company has adopted the “First Phase Restricted Share Incentive Scheme of Poly Property Services Co., Ltd.” (the “**Restricted Share Incentive Scheme**” or the “**Scheme**”), which shall be valid and effective for a term of ten years.

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

On 26 April 2022, the Board implemented the first grant (the “**Initial Grant**”) of the restricted shares according to the Restricted Share Incentive Scheme and approved the first tranche of grant under the Initial Grant. On 20 January 2023, the Board approved the second tranche of grant (the “**Reserved Grant**”) under the Initial Grant. For relevant details, please refer to the announcements and circular of the Company dated 15 November 2021, 28 January 2022, 31 January 2022, 26 April 2022 and 20 January 2023 as well as the poll results of the extraordinary general meeting dated 18 February 2022, in relation to, among other things, (i) the Scheme; (ii) the Initial Grant proposal; (iii) the authorisation to the Board to implement relevant matters of the Scheme; (iv) the administrative measures for the Scheme and the appraisal measures for implementation of the Scheme; (v) the Initial Grant under the Scheme; and (vi) the Reserved Grant of the Initial Grant under the Scheme.

Details of movements in number of restricted shares granted and related fair value under the Restricted Share Incentive Scheme are set out in note 25 to the interim condensed consolidated financial statements.

The Restricted Share Incentive Scheme is a share scheme that is funded by existing shares of the listed issuer under Rule 17.01(1)(b) of the Listing Rules. The Company will disclose further details in relation to the Restricted Share Incentive Scheme in its annual report in accordance with Rule 17.12(1) of the Listing Rules.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERESTS AND/OR SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 30 June 2023, the interests and/or short positions of the Directors, Supervisors and chief executive in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, were as follows:

Name of Director/ Supervisor/ chief executive	Name of the Company or its associated corporation	Capacity	Number of shares held in the Company or its associated corporation	Percentage of total issued shares of the Company or its associated corporation (%)
Wu Lanyu	Poly Property ⁽¹⁾	Other ⁽²⁾	116,800 (L) ⁽²⁾	0.02
Liu Ping	Poly Developments and Holdings	Beneficial owner	7,723,184 (L)	0.06
Hu Zaixin	Poly Developments and Holdings	Beneficial owner	925,497 (L)	0.007
Huang Hai	Poly Developments and Holdings	Beneficial owner	1,115,697 (L)	0.009
Yao Yucheng	Poly Property ⁽¹⁾	Other ⁽²⁾	81,400 (L) ⁽²⁾	0.01

Notes:

As shown in the disclosed information:

Long position – L;

- (1) As at 30 June 2023, the Company had a total of 553,333,400 issued shares, comprising 400,000,000 domestic shares and 153,333,400 H Shares.
- (2) Ms. Wu Lanyu and Mr. Yao Yucheng have accepted 116,800 and 81,400 Restricted Shares respectively, granted by the Company under the Restricted Share Incentive Scheme. The details of the Restricted Shares are set out in the section headed “Restricted Share Incentive Scheme” in this report.

Save as disclosed above, as at 30 June 2023, none of the Directors, Supervisors and chief executive had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO); or which are recorded in the register required to be kept pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION



INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES OR UNDERLYING SHARES OF THE COMPANY

As at 30 June 2023, the persons (other than Directors, Supervisors and chief executive of the Company) or corporations who had interest or short positions in the shares and/or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

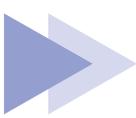
Class of shares	Name of Shareholder	Capacity	Interests held or owned in the class shares of the Company	Percentage of issued shares of the relevant class of the Company (%)	Percentage of total issued shares of the Company (%)
H Share	HSBC Global Asset Management (Hong Kong) Limited	Investment manager	10,247,093 (L)	6.68	1.85
	AEGON-Industrial Fund Management Co., Ltd.	Investment manager	9,088,400 (L)	5.93	1.64
	Gaoling Fund, L.P.	Beneficial owner	7,795,000 (L) ⁽¹⁾	5.85 ⁽¹⁾	1.40
	Hillhouse Capital Advisors, Ltd.	Investment manager	7,795,000 (L) ⁽¹⁾	5.85 ⁽¹⁾	1.40
	China International Capital Corporation Limited ⁽²⁾	Interest in controlled corporation	8,764,200 (L) ⁽²⁾	5.72 ⁽²⁾	1.58
			6,642,000 (S) ⁽²⁾	4.33 ⁽²⁾	1.20
	CCB Investment Funds Management Co., Ltd. ⁽³⁾	Interest in controlled corporation	6,681,400 (L) ⁽³⁾	5.01 ⁽³⁾	1.20
Domestic shares	China Poly Group Corporation Limited ⁽⁴⁾	Interest in controlled corporation	400,000,000 (L)	100.00	72.289
	Poly Southern Group Co., Ltd. ⁽⁴⁾	Interest in controlled corporation	400,000,000 (L)	100.00	72.289
	Poly Developments and Holdings ⁽⁴⁾	Beneficial owner	380,000,000 (L)	95.00	68.675
		Interest in controlled corporation	20,000,000 (L)	5.00	3.614
	Guangzhou Baoli Hetai Financial Holding Co., Ltd. ⁽⁴⁾	Interest in controlled corporation	20,000,000 (L)	5.00	3.614
	Xizang Hetai Corporate Management Co., Ltd. ⁽⁴⁾	Beneficial owner	20,000,000 (L)	5.00	3.614

Notes:

As shown in the disclosed information:

Long position – L; Short position – S

* As at 30 June 2023, the Company had a total of 553,333,400 issued shares, comprising 400,000,000 domestic shares and 153,333,400 H Shares.



CORPORATE GOVERNANCE AND OTHER INFORMATION

- (1) Disclosure of the number of H Shares held is made pursuant to the latest disclosure of interests notice filed as of 30 June 2023 (date of the relevant event: 19 December 2019).
- (2) China International Capital Corporation Limited has full control over several corporations, and is deemed by the SFO to be interested in the long positions held in a total of 8,764,200 H Shares and short positions in 6,642,000 H Shares of the Company. Disclosure of the number of H Shares held is made pursuant to the latest disclosure of interests notice filed as of 30 June 2023 (date of the relevant event: 26 February 2020).
- (3) China Structural Reform Fund Co., Ltd (“**China Structural Reform Fund**”) is held as to 38.20% by CCB Investment Funds Management Co., Ltd. (“**CCB**”), which is deemed by the SFO to be interested in the shares of the Company held by China Structural Reform Fund. Disclosure of the number of H Shares held is made pursuant to the latest disclosure of interests notice filed as of 30 June 2023 (date of the relevant event: 19 December 2019).
- (4) (i) Poly Developments and Holdings is held as to 37.69% by Poly Southern Group Co., Ltd. (“**Poly Southern**”), which is a wholly-owned subsidiary of China Poly Group Corporation Limited (“**China Poly Group**”). Therefore, Poly Southern and China Poly Group are deemed by the SFO to be interested in the shares of the Company held by Poly Developments and Holdings; and (ii) Xizang Hetai Corporate Management Co., Ltd. (“**Xizang Hetai**”, formerly known as Xizang Yingyue Investment Management Co., Ltd.) is wholly-owned by Guangzhou Baoli Hetai Financial Holding Co., Ltd. (“**Guangzhou Baoli Hetai**”) and Guangzhou Baoli Hetai is directly held as to 99.90% and indirectly held as to 0.10% by Poly Developments and Holdings. Therefore, Guangzhou Baoli Hetai and Poly Developments and Holdings are deemed by the SFO to be interested in the shares of the Company held by Xizang Hetai.

Save as disclosed above, as at 30 June 2023, the Company had not been notified of any other interests or short positions held by any other person in the shares or underlying shares of the Company which were required to be recorded or otherwise disclosed to the Company under the SFO.

CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

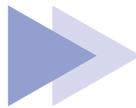
In accordance with Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors and Supervisors which are required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) for the six months ended 30 June 2023 and up to the date of this report are set out below:

Ms. Liu Huiyan and Ms. Zhong Yu ceased to be supervisors of the Company, effective from 17 May 2023.

Ms. Liao Moqiong and Mr. Yang Haibo were appointed as supervisors of the Company, effective from 17 May 2023.

ARTICLES OF ASSOCIATION

The Articles of Association of the Company was amended upon consideration and approval by the shareholders’ general meeting held on 17 May 2023 and 31 May 2023. The latest version of such document is available for inspection at the website of the Company (www.polywuye.com) and the designated website of the Hong Kong Stock Exchange (www.hkexnews.hk).



REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



TO THE BOARD OF DIRECTORS OF POLY PROPERTY SERVICES CO., LTD.

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

INTRODUCTION

We have reviewed the interim condensed consolidated financial statements of Poly Property Services Co., Ltd. (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 28 to 54, which comprise the interim condensed consolidated statement of financial position as of 30 June 2023, and the related interim condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

OTHER MATTER

The comparative interim condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 30 June 2022 and the relevant explanatory notes included in these interim condensed consolidated financial statements were extracted from the interim condensed consolidated financial statement of the Group for six-month period ended 30 June 2022 reviewed by another auditor who expressed an unmodified conclusion on the interim condensed consolidated financial statement on 29 August 2022.

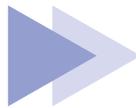
Baker Tilly Hong Kong Limited
Certified Public Accountants

Wan Wing Ping
Practising Certificate Number P07471
Hong Kong, 22 August 2023

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

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Revenue	5	7,141,206	6,449,437
Cost of services		(5,629,689)	(5,144,558)
Gross profit		1,511,517	1,304,879
Other income and other gains and losses, net	6	47,419	58,768
Selling and marketing expenses		(7,644)	(1,771)
Administrative expenses		(516,256)	(515,247)
Other expenses		(837)	(510)
Share of results of associates and joint venture		1,384	12,757
Finance costs		(2,377)	(2,321)
Profit before tax	7	1,033,206	856,555
Income tax expense	8	(256,363)	(221,022)
Profit for the period		776,843	635,533
Profit for the period attributable to:			
– Owners of the Company		763,525	628,305
– Non-controlling interests		13,318	7,228
		776,843	635,533
Other comprehensive income/(expense), net of tax			
Item that will not be reclassified to profit or loss:			
Fair value gain/(loss) on equity instruments at fair value through other comprehensive income		1,111	(2,000)
Other comprehensive income/(expense) for the period, net of tax		1,111	(2,000)
Total comprehensive income for the period		777,954	633,533
Total comprehensive income for the period attributable to:			
– Owners of the Company		764,636	626,305
– Non-controlling interests		13,318	7,228
		777,954	633,533
Earnings per share (expressed in RMB per share)			
– Basic and diluted	10	1.38	1.14



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Notes	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	11	232,029	218,873
Leased assets and investment properties	12	369,470	512,476
Intangible assets	13	109,777	114,783
Interests in associates and joint venture	14	14,156	68,182
Financial assets at fair value through other comprehensive income	15	–	12,000
Prepayments for property, plant and equipment	18	6,629	10,884
Deferred tax assets		54,564	39,409
		786,625	976,607
Current assets			
Inventories	16	37,633	40,408
Trade and bills receivables	17	2,961,538	2,263,249
Prepayments, deposits and other receivables	18	3,889,285	872,957
Cash and cash equivalents	19	6,895,924	8,956,316
		13,784,380	12,132,930
Assets classified as held for sale	14	55,410	–
		13,839,790	12,132,930
Current liabilities			
Trade payables	20	1,922,465	1,574,871
Accruals and other payables	21	2,484,222	1,988,900
Contract liabilities	22	1,582,333	1,429,000
Lease liabilities	23	32,978	38,294
Income tax payable		200,463	153,997
		6,222,461	5,185,062
Net current assets		7,617,329	6,947,868
Total assets less current liabilities		8,403,954	7,924,475

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Notes	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Non-current liabilities			
Lease liabilities	23	65,544	68,921
Deferred tax liabilities		9,857	10,725
		75,401	79,646
Net assets		8,328,553	7,844,829
Capital and reserves			
Share capital	24	553,333	553,333
Reserves		7,606,860	7,137,291
Equity attributable to owners of the Company		8,160,193	7,690,624
Non-controlling interests		168,360	154,205
Total equity		8,328,553	7,844,829

The interim condensed consolidated financial statements on pages 28 to 54 were approved and authorised for issue by the board of directors on 22 August 2023 and are signed on its behalf by:

Wu Lanyu
Director

Huang Hai
Director



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000 (Note (a))	Shares held under the restricted share incentive scheme RMB'000 (Note 25)	Capital reserve RMB'000	Statutory reserve RMB'000 (Note (b))	Fair value reserve RMB'000 (Note (c))	Share-based payment reserve RMB'000 (Note 25)	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2022 (audited)	553,333	4,535,479	-	5,594	222,540	10,500	-	1,458,220	6,785,666	103,096	6,888,762
Profit for the period	-	-	-	-	-	-	-	628,305	628,305	7,228	635,533
Other comprehensive expense, net of tax											
– Change in fair value of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(2,000)	-	-	(2,000)	-	(2,000)
Total comprehensive income for the period	-	-	-	-	-	(2,000)	-	628,305	626,305	7,228	633,533
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	19,411	19,411
Appropriation of statutory reserve	-	-	-	-	30,503	-	-	(30,503)	-	-	-
Purchase of own shares under the restricted share incentive scheme	-	-	(45,912)	-	-	-	-	-	(45,912)	-	(45,912)
Recognition of equity-settled share-based payments	-	-	-	-	-	-	5,329	-	5,329	-	5,329
Dividend recognised as distribution (Note 9)	-	-	-	-	-	-	-	(168,767)	(168,767)	-	(168,767)
At 30 June 2022 (unaudited)	553,333	4,535,479	(45,912)	5,594	253,043	8,500	5,329	1,887,255	7,202,621	129,735	7,332,356

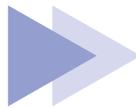
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000 (Note (a))	Shares held under the restricted share incentive scheme RMB'000 (Note 25)	Capital reserve RMB'000	Statutory reserve RMB'000 (Note (b))	Fair value reserve RMB'000 (Note (c))	Share-based payment reserve RMB'000 (Note 25)	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2023 (audited)	553,333	4,535,479	(45,912)	(9,018)	276,667	10,500	21,316	2,348,259	7,690,624	154,205	7,844,829
Profit for the period	-	-	-	-	-	-	-	763,525	763,525	13,318	776,843
Other comprehensive income, net of tax											
– Change in fair value of equity instruments at fair value through other comprehensive income	-	-	-	-	-	1,111	-	-	1,111	-	1,111
Total comprehensive income for the period	-	-	-	-	-	1,111	-	763,525	764,636	13,318	777,954
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	2,450	2,450
Purchase of own share under restricted share incentive scheme (Note 25)	-	-	(35,913)	-	-	-	-	-	(35,913)	-	(35,913)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(11,611)	-	11,611	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	-	-	19,173	-	19,173	-	19,173
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(1,613)	(1,613)
Dividend recognised as distribution (Note 9)	-	-	-	-	-	-	-	(278,327)	(278,327)	-	(278,327)
At 30 June 2023 (unaudited)	553,333	4,535,479	(81,825)	(9,018)	276,667	-	40,489	2,845,068	8,160,193	168,360	8,328,553

Notes:

- Share premium account of the Company represents the excess of the proceeds received over the nominal value of the Company's shares issued.
- Statutory reserve represented the amount transferred from net profit for the period of the Company and subsidiaries established in the People's Republic of China (the "PRC") (based on the PRC statutory financial statements) in accordance with the relevant PRC laws until the statutory reserve reach 50% of the registered capital of the relevant entities. The statutory reserve cannot be reduced except either in setting off the accumulated losses or increasing capital.
- Fair value reserve represented the cumulative net change in the financial assets at fair value through other comprehensive income held at the end of each period.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Note	Six months ended 30 June	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Operating activities			
Cash used in operations		(1,784,385)	(2,177,834)
Income tax paid		(225,920)	(166,834)
Interest paid		(2,377)	(2,321)
Net cash used in operating activities		(2,012,682)	(2,346,989)
Investing activities			
Net cash outflow on acquisition of a subsidiary in prior years		–	(4,052)
Purchase of property, plant and equipment		(36,394)	(30,453)
Purchase of leased assets and other investment properties		–	(92,837)
Proceeds on disposal of property, plant and equipment		258	588
Interest received		28,001	32,826
Net cash used in investing activities		(8,135)	(93,928)
Financing activities			
Dividend paid to non-controlling interest		(1,613)	–
Proceeds from restricted share incentive scheme		17,645	–
Repayments of restricted share incentive scheme		(257)	–
Repayments of lease liabilities		(25,571)	(12,755)
Contributions from non-controlling interests		2,450	19,411
Purchase of shares under restricted share incentive scheme	25	(35,913)	(45,912)
Net cash used in financing activities		(43,259)	(39,256)
Net decrease in cash and cash equivalents		(2,064,076)	(2,480,173)
Cash and cash equivalents at beginning of the period		8,956,316	7,690,572
Effect of exchange rate changes on cash and cash equivalents		3,684	13,479
Cash and cash equivalents at end of the period		6,895,924	5,223,878



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Poly Property Services Co., Ltd. (the “**Company**”) was incorporated in The People’s Republic of China (the “**PRC**”) on 26 June 1996 under the PRC Companies Law. On 25 October 2016, the Company was converted from a limited liability company into a joint stock company with limited liability. The address of the Company’s registered office is located at 48-49th Floor, Poly Plaza, No. 832 Yue Jiang Zhong Road, Hai Zhu District, Guangzhou, Guangdong Province, the PRC. The Company’s principal place of business is located at the PRC.

The Company was listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 19 December 2019.

The Company’s immediate holding company is Poly Developments and Holdings Group Co., Ltd. (“**Poly Developments and Holdings**”) whose shares are listed on the Mainboard of Shanghai Stock Exchange in the PRC. The Company’s ultimate holding company is China Poly Group Corporation Limited, a state-owned enterprise established in the PRC.

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

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

2 BASIS OF PREPARATION

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

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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3 PRINCIPAL ACCOUNTING POLICIES

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

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

Application of amendments to HKFRSs

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

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

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

4 SEGMENT INFORMATION

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

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

Geographical information

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



6 OTHER INCOME AND OTHER GAINS AND LOSSES, NET

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

Notes:

- (a) Other interest income mainly arose from the deposit maintained with a fellow subsidiary of the Company, Poly Finance Company Limited ("Poly Finance").
- (b) Government grants mainly represented the financial support received from the local government as an incentive for business development and there are no unfulfilled conditions attached to the government grants. Tax incentives mainly included additional deduction of input value-added tax applicable to the Company and its certain subsidiaries.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7 PROFIT BEFORE TAX

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

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

8 INCOME TAX EXPENSE

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

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong for the six months ended 30 June 2023 and 2022.

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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9 DIVIDENDS

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

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

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

10 EARNINGS PER SHARE

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

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

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

Note: On 18 February 2022, the shareholders of the Company approved the adoption of a restricted share incentive scheme. During the six months ended 30 June 2023, 1,000,000 shares were purchased by an independent trustee appointed by the Group from the secondary market. During the six months ended 30 June 2022, 1,070,600 shares were purchased by an independent trustee appointed by the Group from the secondary market (Note 25).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired items of property, plant and equipment with an aggregate cost of RMB40,649,000 (six months ended 30 June 2022: RMB48,209,000).

In addition, the Group has entered into several leases for offices during the six months ended 30 June 2023 and 2022. Right-of-use assets amounted to RMB17,328,000 (six months ended 30 June 2022: RMB19,614,000) have been recognised for the current period.

Buildings in property, plant and equipment are held for own use and situated in the PRC.

At 30 June 2023 and 31 December 2022, no property, plant and equipment was pledged.

12 LEASED ASSETS AND INVESTMENT PROPERTIES

	Leased assets RMB'000	Other investment properties RMB'000	Total RMB'000
COST			
At 1 January 2022 (audited)	854,243	18,078	872,321
Additions	92,214	2,476	94,690
At 31 December 2022 (audited), 1 January 2023 (audited) and 30 June 2023 (unaudited)	946,457	20,554	967,011
DEPRECIATION			
At 1 January 2022 (audited)	164,521	3,761	168,282
Provided for the year	285,655	598	286,253
At 31 December 2022 and 1 January 2023 (audited)	450,176	4,359	454,535
Provided for the period	142,677	329	143,006
At 30 June 2023 (unaudited)	592,853	4,688	597,541
NET CARRYING VALUE			
At 30 June 2023 (unaudited)	353,604	15,866	369,470
At 31 December 2022 (audited)	496,281	16,195	512,476



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13 INTANGIBLE ASSETS

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14 INTERESTS IN ASSOCIATES AND JOINT VENTURE

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Cost of investments in associates and joint venture, unlisted	25,050	25,050
Share of post-acquisition profits and other comprehensive income, net of dividend received	44,516	43,132
Assets classified as held for sale (Note)	(55,410)	–
	14,156	68,182

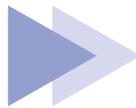
Note: On 28 June 2023, the Group and Poly Herun Real Estate Investment Consultancy Co., Ltd. (a fellow subsidiary of the Company) entered into the equity transfer agreement for the disposal of 30% interest in Xizang Poly Aijia Property Agency Co., Ltd. ("Poly Aijia") (an associate of the Group) at a consideration of RMB55,707,000. The transaction is expected to be completed within twelve months. Accordingly, the Group's interest in Poly Aijia was reclassified as an asset held for sale. As the net proceeds of disposal exceeds the carrying amount of interests in Poly Aijia, no impairment loss has been recognised.

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Unlisted equity investments	–	12,000

16 INVENTORIES

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Car parking spaces	27,755	29,470
Raw materials	291	124
Consumables goods and other inventories	9,587	10,814
	37,633	40,408



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17 TRADE AND BILLS RECEIVABLES

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Trade receivables		
– Related parties (Note 27(c))	681,564	620,170
– Third parties	2,399,679	1,733,871
	3,081,243	2,354,041
Less: allowance for credit losses	(120,690)	(90,865)
	2,960,553	2,263,176
Bills receivables	985	73
	2,961,538	2,263,249

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

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

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

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

Notes:

- (a) As at 30 June 2023 and 31 December 2022, included in the balance are prepayment for rental expenses to Poly Developments and Holdings and its subsidiaries (collectively referred to as “**Poly Developments and Holdings Group**”), which amounted to RMB618,000 and RMB1,348,000 respectively.
- (b) As at 30 June 2023, the balance mainly represented deposit of RMB3,000,000,000 (31 December 2022: Nil) paid to Poly Developments and Holdings Group for commencing the parking spaces sales agency business pursuant to the Parking Space Leasing and Sales Agency Services Framework Agreement. For details of this major and continuing connected transaction, please refer to the announcement dated 16 July 2021 and the circular dated 26 August 2021 of the Company.
- (c) As at 30 June 2023 and 31 December 2022, included in the balance are interest receivable from the deposit maintained with a fellow subsidiary, which amounted to RMB46,000 and RMB264,000 respectively. Please refer to Note 6(a) for further details.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



19 CASH AND CASH EQUIVALENTS

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Cash on hand	139	85
Cash at banks and financial institution	6,895,785	8,956,231
	6,895,924	8,956,316

Cash and cash equivalents include demand deposits and short-term time deposits within three months for the purpose of meeting the Group's short-term cash commitments which carry interest at market rates.

At 30 June 2023, cash and cash equivalents in the amount of RMB116,653,000 (31 December 2022: RMB148,952,000) and RMB6,779,271,000 (31 December 2022: RMB8,807,364,000) are denominated in Hong Kong dollar ("HK\$") and RMB respectively. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies only through banks that are authorised to conduct foreign exchange business. RMB is not freely convertible to other currencies.

As at 30 June 2023, the Group's cash and cash equivalents include deposits in Poly Finance, a licenced financial institution, amounting RMB1,989,458,000 (31 December 2022: RMB1,982,182,000). The amount is unsecured and interest-bearing at market rate.

20 TRADE PAYABLES

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Related parties (Note 27(c))	85,295	107,930
Third parties	1,837,170	1,466,941
	1,922,465	1,574,871

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

21 ACCRUALS AND OTHER PAYABLES

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Deposits received	787,516	715,055
Temporary receipts from property owners	910,383	831,670
Accrued salaries and other allowances	228,369	201,718
Dividends payables	278,327	–
Other tax payables	76,443	51,866
Consideration payable at FVTPL	16,917	16,917
Others	186,267	171,674
	2,484,222	1,988,900

22 CONTRACT LIABILITIES

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Property management services	1,453,412	1,314,630
Value-added services to non-property owners	11,526	12,102
Community value-added services	117,395	102,268
	1,582,333	1,429,000

23 LEASE LIABILITIES

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Lease liabilities payable:		
Within one year	32,978	38,294
More than one year but less than two years	17,363	20,793
More than two years but less than five years	39,143	36,967
More than five years	9,038	11,161
	98,522	107,215
Less: Amount due for settlement within 12 months shown under current liabilities	(32,978)	(38,294)
Amount due for settlement after 12 months shown under non-current liabilities	65,544	68,921

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



24 SHARE CAPITAL

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

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

25 RESTRICTED SHARE INCENTIVE SCHEME

Restricted share incentive scheme of the Company

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

25 RESTRICTED SHARE INCENTIVE SCHEME (Continued)

Restricted share incentive scheme of the Company (Continued)

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

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

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

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

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



26 CAPITAL COMMITMENTS

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Capital expenditure in respect of the acquisition of property, plant and equipment (contracted for but not provided)	10,809	5,591

27 MATERIAL RELATED PARTIES TRANSACTIONS AND BALANCES

Other than as disclosed elsewhere in the interim condensed consolidated financial statements, the Group had the following significant transactions with its related parties during the period and balances as at the end of the reporting date.

(a) Name and relationship

Name of related parties	Relationship with the Group
Poly Developments and Holdings Group	Immediate holding company and its subsidiaries other than the Group
China Poly Group	Ultimate holding company and its subsidiaries other than Poly Developments and Holdings Group and Poly Finance
Poly Finance	Subsidiary of China Poly Group

(b) Material related parties transactions

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Poly Developments and Holdings Group		
Provision of services		
– Property management services	59,230	60,065
– Value-added services to non-property owners, other than rental income	661,307	674,452
– Community value-added services	220,463	189,874
– Rental income	33,609	26,382
Shared rent expense	33,899	38,877
Lease contract arrangements		
– Leased assets	354,217	640,337
– Lease liabilities	28,003	45,900
– Depreciation	147,310	145,805
– Interest expense	743	566
– Short-term leases expenses	1,815	4,561
Hardware procurement expenses	149	2,615

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

27 MATERIAL RELATED PARTIES TRANSACTIONS AND BALANCES (Continued)

(b) Material related parties transactions (Continued)

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Associates of Poly Developments and Holdings Group		
Provision of services		
– Property management services	9,027	10,223
– Value-added services to non-property owners, other than rental income	81,783	70,726
– Community value-added services	10,286	8,838
– Rental income	3,049	9,863
Lease contract arrangements		
– Leased assets	–	266
– Lease liabilities	–	278
– Depreciation	133	133
– Interest expense	–	6
– Short-term leases expenses	115	141
Joint ventures of Poly Developments and Holdings Group		
Provision of services		
– Property management services	1,693	1,117
– Value-added services to non-property owners, other than rental income	25,760	43,987
– Community value-added services	3,819	7,470
China Poly Group		
Provision of services		
– Property management services	9,044	5,473
– Rental income	4,355	4,228
Disposal of financial assets at fair value through other comprehensive income	13,111	–
Poly Finance		
Interest income	1,047	9,580

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

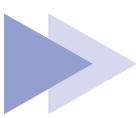


27 MATERIAL RELATED PARTIES TRANSACTIONS AND BALANCES (Continued)

(c) Material related party balances

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Poly Developments and Holdings Group		
– Trade receivable	577,354	501,381
– Deposit and other receivable	3,017,471	15,236
– Trade payable	71,460	97,713
– Accrual and other payable	63,843	60,561
– Contract liabilities	14,701	33,546
Associates of Poly Developments and Holdings Group		
– Trade receivable	69,748	70,838
– Deposit and other receivable	1,734	24,597
– Trade payable	6,448	6,032
– Accrual and other payable	2,412	4,018
– Contract liabilities	4,065	–
Joint ventures of Poly Developments and Holdings Group		
– Trade receivable	34,101	47,438
– Deposit and other receivable	177	136
– Trade payable	5,326	3,738
– Accrual and other payable	570	509
– Contract liabilities	7,152	–
China Poly Group		
– Trade receivable	361	513
– Deposit and other receivable	32,950	119
– Trade payable	2,059	–
– Accrual and other payable	204	102
Associates of China Poly Group		
– Trade payable	2	447

Except for other receivable from a subsidiary of China Poly Group is unsecured, carrying interest at market rates and repayable on demand. All the above remaining balances are unsecured, interest-free and repayable on demand or according to contract terms (31 December 2022: same).



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

27 MATERIAL RELATED PARTIES TRANSACTIONS AND BALANCES (Continued)

(d) Material transactions with other stated-controlled entities

Part of the Group's operations is carried out in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government ("state-controlled entities"). In addition, the Group itself is part of a larger group of companies under China Poly Group which is controlled by the PRC government. Apart from the transactions with China Poly Group, other connected persons and related parties disclosed in this note, the Group also conducts business with other state-controlled entities. The Group consider those state-controlled entities are independent third parties so far as the Group's business transactions with them are concerned.

In establishing its pricing strategies and approval process for transactions with other state-controlled entities, the Group does not differentiate whether the counterparty is a state-controlled entity or not.

During the six months ended 30 June 2023 and 2022, the Group provided property management services to other state-owned enterprises. The Group maintained most of its bank deposits in government-related financial institutions associated with the respective interest income incurred. In establishing its pricing strategies and approval process for its services, the Group does not differentiate whether the counter-party is a state-controlled enterprise. In the opinion of the Group, all such transactions were conducted in the ordinary course of business and on normal commercial terms.

28 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial instruments are measured at fair value at the end of the reporting period. In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages independent qualified valuers to perform the valuation. The finance department works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The finance department reports findings to the directors of Company at each reporting date to explain the cause of fluctuations in the fair value.

The following table gives information (particularly, the valuation technique(s) and inputs used) about how the fair values of these financial assets and financial liabilities are determined, as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



28 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

(a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Fair value hierarchy as at 30 June 2023

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Consideration payable at FVTPL				
– Liability arising from acquisition of Chengdu Vastrong Property Development Co., Ltd (“Vastrong Property”)	–	–	16,917	16,917

Fair value hierarchy as at 31 December 2022

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTOCI				
– Unlisted equity investments	–	–	12,000	12,000
Consideration payable at FVTPL				
– Liability arising from acquisition of Vastrong Property	–	–	16,917	16,917

Valuation techniques and inputs used in Level 3 fair value measurements:

	Fair value as at		Valuation technique	Unobservable input	Relationship of inputs to fair value
	30 June 2023	31 December 2022			
Unlisted equity shares	–	RMB12,000,000	Market comparable approach	N/A (31 December 2022: 40%) (Note (a))	The higher the discount rate the lower the fair value
Liability arising from acquisition of Vastrong Property	RMB16,917,000	RMB16,917,000	Discounted cash flow method	N/A (Note (b))	The higher the discount rate the lower the fair value

Notes:

- (a) As at 31 December 2022, it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 1% would have increased/decreased the Group's other comprehensive income by RMB120,000 and RMB50,000 respectively.
- (b) As at 30 June 2023 and 31 December 2022, considering that the acquisition agreement of Vastrong Property will be matured shortly, no discount factor is applied to the amount. As a result, no sensitivity analysis for the period ended 30 June 2023 and year ended 31 December 2022 was disclosed for the impact of changes in discount rate.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

28 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

(a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

The movement during the six months ended 30 June 2023 and year ended 31 December 2022 in the balance of the Level 3 fair value measurements are as follows:

	Financial assets at FVTOCI RMB'000	Consideration payable at FVTPL RMB'000
At 1 January 2022 (audited)	12,000	15,565
Fair value change recognised in profit or loss	–	1,352
At 31 December 2022 and 1 January 2023 (audited)	12,000	16,917
Fair value change recognised in other comprehensive income	1,111	–
Disposals/settlements	(13,111)	–
At 30 June 2023 (unaudited)	–	16,917

During the six months ended 30 June 2023 and year ended 31 December 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

(b) Fair value of the Group's financial assets and liabilities financial that are not measured at fair value on a recurring basis

The Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the interim condensed consolidated financial statement approximate their fair value.