

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

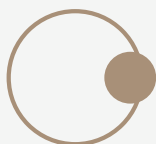
保利[®]物業

2024

INTERIM REPORT



ATTENTIVELY REFRESH



Attentively Refresh
从心刷新



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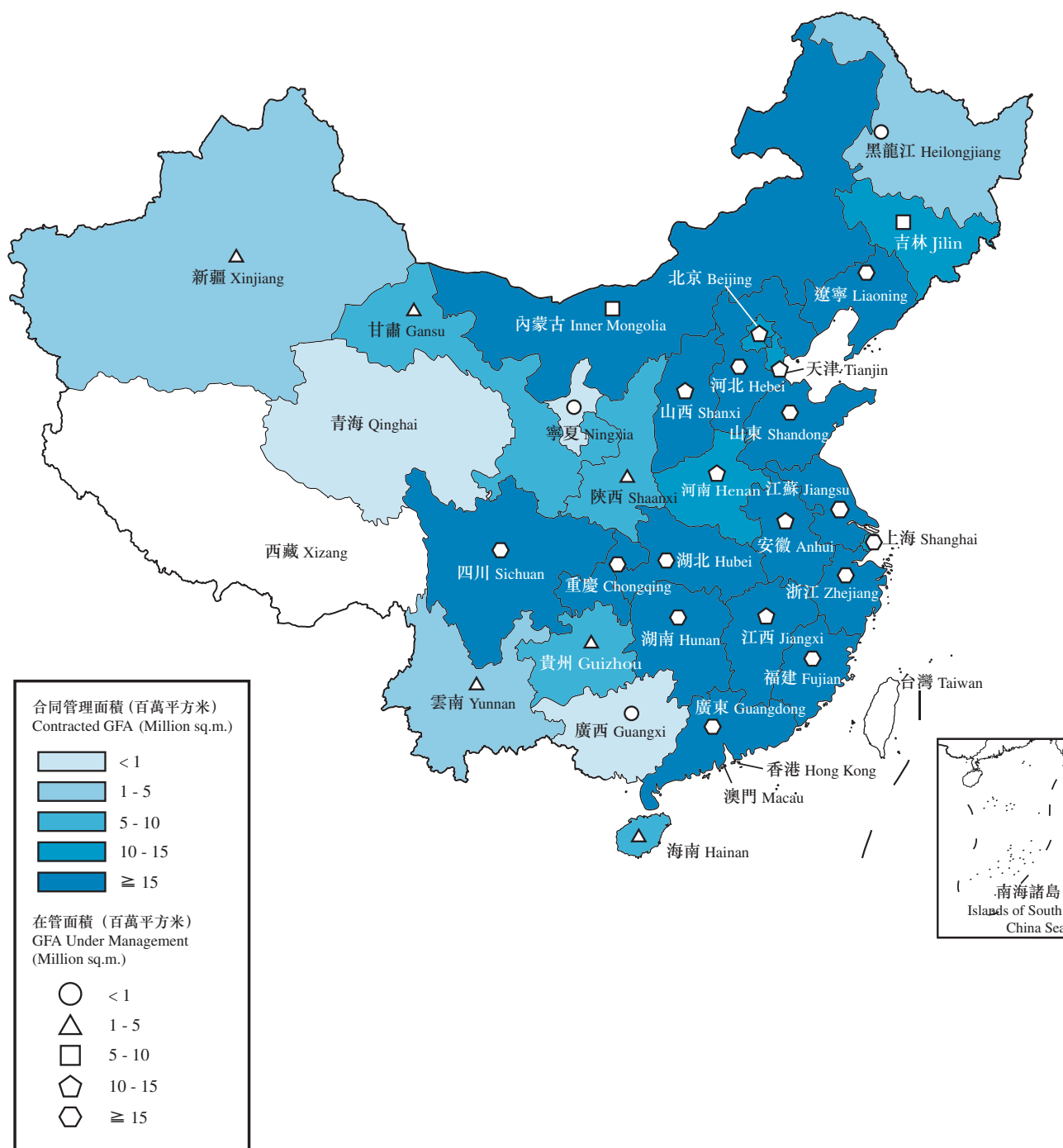
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COMPANY OVERVIEW

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 2024 Top 100 Property Management Companies in China by the China Index Academy, the Group ranked second among the Top 100 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 2024, the Group’s contracted gross floor area (“GFA”) and GFA under management were approximately 949.9 million square meters (“sq.m.”) and 756.8 million sq.m. respectively, covering 205 cities across 30 provinces, municipalities and autonomous regions in China.





As at 19 August 2024, 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. Huang Hai

Independent Non-executive Directors

Mr. Wang Xiaojun

Ms. Tan Yan

Mr. Zhang Liqing

BOARD COMMITTEES

Audit Committee

Ms. Tan Yan (*Chairman*)

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

Strategy and Sustainability Committee

Ms. Wu Lanyu (*Chairman*)

Mr. Liu Ping

Mr. Huang Hai

Ms. Tan Yan

Mr. Zhang Liqing

SUPERVISORY COMMITTEE

Ms. Liao Moqiong (*Chairman*)

Mr. Yang Haibo

Ms. Mu Jing

JOINT COMPANY SECRETARIES

Mr. Yin Chao

Mr. Lau Kwok Yin

AUTHORISED REPRESENTATIVES

Ms. Wu Lanyu

Mr. Lau Kwok Yin

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H SHARE REGISTRAR AND TRANSFER OFFICE

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STOCK CODE ON THE HONG KONG STOCK EXCHANGE

06049



FINANCIAL SUMMARY

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

	Six months ended 30 June	
	2024	2023
Revenue (RMB million)	7,871.4	7,141.2
Gross profit (RMB million)	1,610.1	1,511.5
Gross profit margin	20.46%	21.17%
Profit for the period (RMB million)	854.6	776.8
Net profit margin	10.9%	10.9%
Profit for the period attributable to owners of the Company (RMB million)	846.0	763.5
Basic earnings per share (RMB)	1.5415	1.3832
Return on shareholders' equity (weighted average)	9.6%	9.7%

SUMMARY OF THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at	As at
	30 June 2024	31 December 2023
Total assets (RMB million)	16,407.3	14,877.3
Cash and cash equivalents (RMB million)	10,604.6	11,011.5
Total equity (RMB million)	9,228.4	8,876.5
Gearing ratio	43.75%	40.33%



2024 TOP 100 Property Management Companies in China (Top 2)



2024 Leading Companies in Smart City Service of China's Property Management



2024 China Excellent State-owned Property Management Companies



TOP 100 Chinese Property Enterprises with Service Capability in 2024 (Top 2)



2024 TOP 100 Property Management Companies in China in terms of Comprehensive Strength (Top 2)



2024 TOP 100 High-quality Service Property Management Companies in China



2024 TOP 20 Listed Company of Property Management Service



2024 China TOP 10 Property Management Companies in terms of Business Size



2024 China TOP 10 Property Management Companies in terms of Business Performance



2024 China Leading Property Management Companies in terms of Facility Management



2024 TOP 20 Enterprises in terms of Service Capacity in Office Building Property Services in China



2024 China Leading Property Management Companies in terms of Service Quality



BUSINESS REVIEW

The Group is a leading comprehensive property management services provider in China with extensive property management scale and central state-owned enterprise background. According to the ranking of 2024 Top 100 Property Management Companies in China by the China Index Academy, the Group ranked second 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 its corporate mission of “serving people by managing and achieving (善治善成 · 服務民生)”, and is committed to providing customers with quality services that meet the needs of a better life, and has won a good reputation in the industry. Our brand was valued at approximately RMB24.1 billion in 2023. The Group has actively pushed forward the “Comprehensive Property” strategy and its business portfolio covers residential communities, commercial and office buildings and public and other properties. As at 30 June 2024, the Group’s contracted GFA and GFA under management was approximately 949.9 million sq.m. and 756.8 million sq.m. respectively, covering 205 cities across 30 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 71.0% of the total revenue

For the six months ended 30 June 2024, the Group’s revenue from property management services amounted to approximately RMB5,593.3 million, representing an increase of approximately 16.1% as compared to the corresponding period of 2023, which was mainly due to the expansion of GFA under management and the increase in the number of projects under management of the Group.

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

Source of projects	As at 30 June					
	2024			2023		
	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 (<i>Note 1</i>)	349,986	36.8	1,663	322,759	38.3	1,467
Third parties (<i>Note 2</i>)	599,879	63.2	1,505	519,644	61.7	1,363
Total	949,865	100.0	3,168	842,403	100.0	2,830

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. 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 agreed GFA.

The Group continues to benefit from the steady development of Poly Developments and Holdings Group, its controlling shareholder, with the newly acquired deliverables continuously optimized. For the fourteenth consecutive year, Poly Developments and Holdings Group has been recognized as the “Leading Brand in China’s Real Estate Industry (中國房地產行業的領導公司品牌).” During the period, Poly Developments and Holdings Group achieved a contracted sales amount of RMB173.3 billion, ranking first in the industry. As at 30 June 2024, the contracted GFA from Poly Developments and Holdings Group was approximately 350.0 million sq.m.



The Group remains committed to market-oriented development, adjusts strategic deployment flexibly by closely aligning with market dynamics, and balances organically the expansion in both scale and quality. The Group newly expanded third-party projects with single-year contracted value of approximately RMB1,200.2 million, and newly signed third-party projects with single-year contracted value of approximately RMB1,067.0 million (excluding renewals), maintaining a competitive expansion scale. To continuously optimize its expansion quality, firstly, the Group concentrated its efforts in four core economic belts, namely the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Pearl River Delta and the central city clusters, which accounted for approximately 77.0% of the single-year contracted value of newly expanded third-party projects, representing an increase of approximately 10.5 percentage points year-on-year. Secondly, the Group enhanced large-scale project expansions, acquired 35 newly expanded third-party projects with single-year contracted value exceeding RMB10 million each, representing approximately 64.3% of single-year contracted value of newly expanded third-party projects and an increase of approximately 5.7 percentage points year-on-year. As at 30 June 2024, the contracted GFA from third-party projects was approximately 599.9 million sq.m., accounting for approximately 63.2% 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:

Source of projects	For the six months ended 30 June or as at 30 June									
	2024					2023				
	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	3,275,508	58.6	265,647	35.1	1,383	2,849,523	59.1	238,430	36.7	1,137
Third parties	2,317,774	41.4	491,188	64.9	1,284	1,968,609	40.9	412,034	63.3	1,093
Total	5,593,282	100.0	756,835	100.0	2,667	4,818,132	100.0	650,464	100.0	2,230

The Group has achieved steady growth in the GFA under management from Poly Developments and Holdings Group. As at 30 June 2024, the GFA under management from Poly Developments and Holdings Group was approximately 265.6 million sq.m., representing an increase of approximately 11.4 million sq.m. as compared to the end of 2023. For the six months ended 30 June 2024, revenue from the property management services of Poly Developments and Holdings Group was approximately RMB3,275.5 million, representing a growth of approximately 14.9% as compared to the corresponding period in 2023, and accounting for approximately 58.6% of the total revenue from property management services.

Market expansion has injected robust momentum into the growth of the Group's performance. As at 30 June 2024, the GFA under management from third-party projects reached approximately 491.2 million sq.m., representing an increase of approximately 25.9 million sq.m. as compared to the end of 2023, accounting for approximately 64.9% of the total GFA under management. For the six months ended 30 June 2024, the revenue from property management services for third-party projects was approximately RMB2,317.8 million, representing a growth of approximately 17.7% as compared to the corresponding period in 2023. Such revenue accounted for approximately 41.4% of the total revenue from property management services, representing an increase of approximately 0.5 percentage points year-on-year.



MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Type of projects	2024					2023				
	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	3,272,984	58.5	299,034	39.5	1,556	2,835,990	58.9	269,687	41.5	1,293
Non-residential properties	2,320,298	41.5	457,801	60.5	1,111	1,982,142	41.1	380,777	58.5	937
- Commercial and office buildings	884,880	15.8	35,828	4.7	433	757,882	15.7	23,133	3.5	304
- Public and other properties	1,435,418	25.7	421,973	55.8	678	1,224,260	25.4	357,644	55.0	633
Total	5,593,282	100.0	756,835	100.0	2,667	4,818,132	100.0	650,464	100.0	2,230

For residential communities, the Group adheres to a “customer-centred” service philosophy, continuously enhancing the cores of its three major property service brands: “Oriental Courtesy”, “Elegant Life” and “Harmony Courtyard”. By incorporating humanistic services into community life, the Group has newly established the “I-TRUST” framework, comprising six service cores: “Intelligent, Transparent, Rich-atmosphere, Under-control, Specialized, and Taking-care,” setting a new benchmark for quality services. With more professional, superior, and higher-standard service capabilities, we aim to provide customers with a higher-quality living experience. As at 30 June 2024, the GFA under management of the Group's residential communities was approximately 299.0 million sq.m. For the six months ending 30 June 2024, revenue from property management services for residential communities was approximately RMB3,273.0 million, representing an increase of approximately 15.4% as compared to the corresponding period in 2023.

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. The Group positioned itself as a pioneer in the era of extensive back-end support and a leading brand in state-owned asset services. In July 2024, the Group held the industry's first State-Owned Asset Services Forum in Beijing and launched the “Super Fast Charging” service model, which built upon existing commercial property services while placing greater emphasis on supporting productive services. By embedding into the production and living spaces of the enterprises, the Group provided full value chain and continuous support across production, operations, office work, and living to these enterprises, helping clients better focus on their core businesses and providing full support to clients' development through high-quality state-owned asset services. At the same time, the Group actively expanded clients in high-end manufacturing and strategic emerging industries, serving industry-leading clients for projects such as JD.com headquarters in Beijing, Haier Industrial Park in Qingdao, Glodon Digital Technology Tower in Guangzhou, Kingsoft Group headquarters office area in Wuhan, etc. The Group accelerated the layout of integrated facilities management (IFM) services. As at 30 June 2024, the Group's GFA under management for commercial properties and office buildings was approximately 35.8 million sq.m. During the period, the Group's newly expanded third-party commercial and office building projects reached a single-year contracted value of approximately RMB429.6 million, representing a year-on-year increase of approximately 27.0%. For the six months ending 30 June 2024, revenue from property management services for commercial properties and office buildings was approximately RMB884.9 million, representing an increase of approximately 16.8% as compared to the corresponding period in 2023.



For public and other properties, the Group has established the property service brand of “Poly Public Services”, covering a number of sub-sectors such as urban scenic areas, higher education and teaching and research properties, railways and transportation properties, hospital properties, government offices and urban public facilities, etc. The Group, guided by the “Holistic Flywheel” model, initiates its expansion from the city’s signature projects to drive the expansion of surrounding projects, forming benchmark projects under the “Holistic Flywheel” model in Jiaxing, Zhejiang, Haizhu, Guangzhou, etc. During the period, the Group focused on the Yangtze River Delta and the Greater Bay Area, expanding new holistic projects such as Zhouzhuang Ancient Town, Yanqian Community of Duanzhou District in Zhaoqing, etc. The Group has continued to building up service benchmarks, and injecting new vitality into urban public services development through refined management and intelligent services. During the period, the Group’s newly expanded public and other property projects reached a single-year contracted value of approximately RMB622.0 million. For the six months ending 30 June 2024, revenue from public and other properties was approximately RMB1,435.4 million, representing an increase of approximately 17.2% as compared to the corresponding period in 2023, accounting for approximately 25.7% of the total revenue from property management services.

Steady increase in the average property management fee per unit

Benefiting from higher pricing standards for new projects and price increase for certain projects under management, the average property management fee per unit of the Group 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			
	2024 (RMB/sq.m./month)	2023	Changes (RMB)
Residential communities setup	2.33	2.29	Increased by 0.04
– Poly Developments and Holdings Group	2.44	2.40	Increased by 0.04
– Third parties	1.82	1.78	Increased by 0.04

Value-added services to non-property owners – representing approximately 13.1% of the total revenue

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

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

For the six months ended 30 June				
Type of services	2024		2023	
	RMB'000	Percentage of revenue %	RMB'000	Percentage of revenue %
Pre-delivery services	535,377	52.1	579,115	55.1
Office leasing	171,682	16.7	198,020	18.9
Other value-added services to non-property owners	321,121	31.2	273,488	26.0
Total	1,028,180	100.0	1,050,623	100.0



MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2024, the Group's revenue from value-added services to non-property owners amounted to approximately RMB1,028.2 million, representing a decrease of approximately 2.1% as compared to the corresponding period of 2023, which was mainly due to (i) the decrease in the number of pre-delivery service projects provided by the Group; and (ii) the decline in the revenue from the Group's office leasing business as a result of fluctuations in market supply and demand. During the period, the Group's revenue from value-added services to non-property owners amounted to approximately RMB321.1 million, representing a year-on-year increase of 17.4%, which was largely due to the increase of undertaking rate in the Group's preliminary consultancy, inspection, delivery and other services, as well as the accelerated setup of repair and maintenance business during the period.

Community value-added services – representing approximately 15.9% of the total revenue

The Group provides community value-added services to property owners, focusing on diverse services around community asset operation and community living scenarios to improve the convenience and satisfaction of the owners' livelihood. The Group's community value-added services cover home furnishing services, parking space agency services, house rental and sales agency services, community retail, housekeeping services, parking lot services, space operations and others.

For the six months ended 30 June 2024, the Group's revenue from community value-added services amounted to approximately RMB1,249.9 million, representing a decrease of approximately 1.8% as compared to the corresponding period in 2023, and accounting for approximately 15.9% of the total revenue. Facing multiple challenges such as fluctuations in residents' consumption willingness and intensified competition in the consumer market, the Group, by adhering to the core products and forging industrial capabilities, achieved stable scale of business and profitability during the period and a good momentum optimizing and focusing on business structure, accelerating the formation of core products.

FUTURE DEVELOPMENT

In the midst of a complex market environment, the Group will adhere to the operational strategy of prudence and optimism, continue to make breakthroughs in productivity, serviceability, organization and cost control, and refine its service efficiency in order to maintain and enhance its competitive edge in the market. 2024 is a crucial year in the middle of the "14th Five-Year Plan." The Group will constantly focus on the key themes of "enhancing services, accelerating technology, and transforming organization", and will insist stability while pursuing progress and constantly strive for excellence by leveraging on its outstanding service quality, strong competitiveness and agile and efficient organization to further enhance its core competitiveness.

Focusing on increasing presence and consolidating expansion quality

The Group will constantly enhance its expansion density, with its intensive focus on city distribution, business format diversity and customer to maintain the momentum of high-quality expansion. In terms of city density, we will focus on core cities with economic development potential, and accelerate the incubation of core seed projects and expansion plan for projects under the "Holistic Flywheel" model around the "502 Strategy". In terms of business format density, we will capitalize on our product strengths and state-owned service brand advantages to enhance our market share in niche services by integrating our service capabilities and resources strengths around core areas such as urban scenic spots, commercial and office buildings and existing residential communities. In terms of customer density, we will firstly focus on the improvement of our ability to acquire quality projects and accelerate service design optimization and lean service cost. Secondly, we will concentrate on large state-owned clients and clients in advanced industries while accelerate the expansion of clients in emerging sectors, so as to aggregate high-quality resources.



Further enhancing community value-added business and resolutely strengthening industrial capabilities

The Group's core strategy for the development of its community value-added business is to focus on the refinement of its core products and forge its industrial capabilities. Centered around community asset services, we will speed up the business expansion plan for asset management in first- and second-tier core cities by establishing an industrial base with housing rental and sales as its core, highlighting the advantages of property scenario linkage and aiming to build up a reputation for excellent service and prominent market influence, thereby proactively expanding its integrated service capabilities of asset consulting, custody and maintenance. In terms of community living services, we will take the community retail and housekeeping services as the core, focus on community scenes, and exploit the advantages of community service linkage, in a view to create a cost-effective service product system, which will offer property owners with a richer and more convenient living experience.

Promoting “three dimensional standardization” and enhancing service quality

Service quality is the cornerstone of the Group's business development. We are committed to continuously optimizing the quality of our services and providing our clients with high-quality and cozy service experience. We will focus on the property owners' experience, promote the “service-cost-operation three dimensional standardization” in our day-to-day operations, and increase our service efficiency, service quality and client satisfaction by leveraging the leading role of the systematic standard system and the highly-efficient quality operation tools. We are committed to improving response time to customer needs and customer satisfaction. Simultaneously, we will extend the quality service chain to six major steps before delivery of properties, set three key control points, offer quality service portfolio for each household, continuously upgrade the “361 lean quality assurance system” to deepen the synergy between the development side and the service side, provide property owners with high-quality delivery of properties, and implement the brand positioning for a better life.

Making lean management innovation, and deepening cost reduction and efficiency improvement

As competition intensifies in market expansion, we will embark on a lean management innovation centered around cost reduction, organizational change, and technological efficiency enhancement. On the cost control front, firstly, we will expand the regional scope of core supply chain procurement to further give full play of the scale advantage; secondly, we will promote the full coverage of energy-saving renovation, upgrade the energy management platform, and promote green and intensive development; thirdly, we will further refine our services and reform workflows to optimize costs and outputs. In terms of organizational restructuring, we will enhance the establishment of functionality of our professional business divisions to create a more efficient decision-making mechanism and capture market opportunities with sharper insight. Simultaneously, we will optimize the organizational security from the middle-end and back-end of our business, by scientifically evaluating the distribution of management resources, optimizing the management efficiency and structure, and strengthening the construction of back-end sharing centers for our financial and legal affairs functions in order to achieve a highly standardized and intensive operation of our business. As for technology-driven efficiency, we will upgrade our business systems such as project management and fee collection middle-end center, improve our digital operation center, explore the application of AI technology, establish an optimized service interface and bolster customer experience to create a more efficient business process.



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				
	2024		2023		Growth rate %
	RMB'000	Percentage of revenue %	RMB'000	Percentage of revenue %	
Property management services	5,593,282	71.0	4,818,132	67.5	16.1
Value-added services to non-property owners	1,028,180	13.1	1,050,623	14.7	-2.1
Community value-added services	1,249,912	15.9	1,272,451	17.8	-1.8
Total	7,871,374	100.0	7,141,206	100.0	10.2

For the six months ended 30 June 2024, total revenue of the Group amounted to approximately RMB7,871.4 million (for the six months ended 30 June 2023: approximately RMB7,141.2 million), representing an increase of approximately 10.2% as compared to the corresponding period of 2023. 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 RMB6,261.2 million (for the six months ended 30 June 2023: approximately RMB5,629.7 million), representing an increase of approximately 11.2% as compared to the corresponding period of 2023. The increase in the cost of services was mainly due to the corresponding increase in subcontracting costs as a result of an increase of the GFA under management and number of projects under the management of the Group.

Gross profit and gross profit margin

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

	Six months ended 30 June				
	2024		2023		Gross profit margin %
	Gross profit RMB'000	Percentage of gross profit %	Gross profit RMB'000	Percentage of gross profit %	
Property management services	939,047	58.3	820,751	54.3	17.03
Value-added services to non-property owners	185,537	11.5	205,661	13.6	19.58
Community value-added services	485,550	30.2	485,105	32.1	38.12
Total	1,610,134	100.0	1,511,517	100.0	21.17



For the six months ended 30 June 2024, the Group's gross profit was approximately RMB1,610.1 million, representing an increase of approximately 6.5% as compared to approximately RMB1,511.5 million for the corresponding period of 2023. The Group's gross profit margin decreased from approximately 21.17% for the corresponding period of 2023 to approximately 20.46%.

For the six months ended 30 June 2024, the Group's gross profit margin for property management services was approximately 16.79% (for the six months ended 30 June 2023: approximately 17.03%), representing a decrease of approximately 0.24 percentage points as compared to the corresponding period of 2023.

For the six months ended 30 June 2024, the Group's gross profit margin for value-added services to non-property owners was approximately 18.05% (for the six months ended 30 June 2023: approximately 19.58%), representing a decrease of approximately 1.53 percentage points as compared to the corresponding period of 2023.

For the six months ended 30 June 2024, the Group's gross profit margin for community value-added services was approximately 38.85% (for the six months ended 30 June 2023: approximately 38.12%), representing an increase of approximately 0.73 percentage points as compared to corresponding period of 2023.

Other income and other gains and losses, net

For the six months ended 30 June 2024, other income and other gains and losses, net was approximately RMB13.9 million, representing a decrease of approximately 70.8% as compared to approximately RMB47.4 million for the six months ended 30 June 2023. This was primarily due to (i) the decrease in additional deduction for VAT input tax; and (ii) the increase in the impairment provision as a result of the increase in balances of receivables.

Administrative expenses

For the six months ended 30 June 2024, the total administrative expenses of the Group was approximately RMB489.9 million, representing a decrease of approximately 5.1% as compared to approximately RMB516.3 million for the six months ended 30 June 2023. The administrative expenses of the Group accounted for approximately 6.2% (for the six months ended 30 June 2023: approximately 7.2%) of the total revenue, representing a decrease as compared to the corresponding period of 2023.

Profit for the period

For the six months ended 30 June 2024, the profit for the period of the Group was approximately RMB854.6 million, representing an increase of approximately 10.0% as compared to approximately RMB776.8 million for the corresponding period of 2023. The profit for the period attributable to owners of the Company was approximately RMB846.0 million, representing an increase of approximately 10.8% as compared to approximately RMB763.5 million for the corresponding period of 2023. The net profit margin was approximately 10.9%, remaining unchanged as compared to the corresponding period of 2023.

Current assets, reserves and capital structure

For the six months ended 30 June 2024, the Group maintained a sound financial position. As at 30 June 2024, the current assets amounted to approximately RMB15,116.9 million, representing an increase of approximately 6.2% as compared to approximately RMB14,228.1 million as at 31 December 2023. As at 30 June 2024, the cash and cash equivalents of the Group amounted to approximately RMB10,604.6 million, among which, approximately RMB28.5 million was denominated in Hong Kong dollar, and remaining was denominated in RMB, representing a decrease of approximately 3.7% as compared to approximately RMB11,011.5 million as at 31 December 2023, primarily due to the Group's deployment of funds into the asset operation business and value-added services with higher utilisation efficiency. As at 30 June 2024, the gearing ratio of the Group was approximately 43.75%, representing an increase of approximately 3.42 percentage points as compared to approximately 40.33% as at 31 December 2023. Gearing ratio represents the ratio of total liabilities over total assets.

As at 30 June 2024, the Group's total equity was approximately RMB9,228.4 million, representing an increase of approximately RMB351.9 million or approximately 4.0% as compared to approximately RMB8,876.5 million as at 31 December 2023, 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 2024, the Group's property, plant and equipment amounted to approximately RMB237.5 million, representing a decrease of approximately RMB4.4 million as compared to approximately RMB241.9 million as at 31 December 2023, which was primarily due to the decrease in asset procurement and provision for depreciation during the period.

Leased assets and investment properties

The Group's leased assets and investment properties mainly comprise leased assets, carpark space and clubhouses. As at 30 June 2024, the Group's leased assets and investment properties amounted to approximately RMB867.7 million, representing an increase of approximately RMB641.2 million as compared to approximately RMB226.5 million as at 31 December 2023, which was mainly attributable to the increase of approximately RMB783.3 million in leased assets and investment properties as a result of the fact that the Group had renewed property lease agreements with Poly Developments and Holdings for a term of three years with effect from 28 May 2024.

Intangible assets

The Group's intangible assets primarily include property management contracts and goodwill obtained from acquisition of subsidiaries. As at 30 June 2024, the Group's intangible assets amounted to approximately RMB98.9 million, representing a decrease of approximately RMB5.0 million as compared to approximately RMB103.9 million as at 31 December 2023, which was primarily due to the amortisation of property management contracts.

Trade and bills receivables

As at 30 June 2024, trade and bills receivables amounted to approximately RMB3,580.2 million, representing an increase of approximately RMB1,239.6 million as compared to approximately RMB2,340.6 million as at 31 December 2023, 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 balance of trade receivables as a result of the increase in the percentage of revenue from property management services for public service projects, and the impact of the credit terms.

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 2024, prepayments, deposits and other receivables amounted to approximately RMB904.3 million, representing an increase of approximately RMB59.7 million as compared to approximately RMB844.6 million as at 31 December 2023, which was mainly due to the increase in VAT receivables as a result of the VAT input tax has not been fully deducted.

Trade payables

As at 30 June 2024, trade payables amounted to approximately RMB2,492.0 million, representing an increase of approximately 24.0% as compared to approximately RMB2,009.1 million as at 31 December 2023, 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 2024, accruals and other payables amounted to approximately RMB2,554.9 million, representing an increase of approximately 18.2% as compared to approximately RMB2,161.2 million as at 31 December 2023, mainly due to the fact that, as at 30 June 2024, dividend payables amounted to approximately RMB552.2 million (31 December 2023: nil), which was the declared annual dividends for the year of 2023, have not been paid yet as at 30 June 2024.

Borrowings

As at 30 June 2024, the Group had no borrowings or bank loans.

Pledge of assets

As at 30 June 2024, the Group had no pledge of assets.

Net cash from operating activities

For the six months ended 30 June 2024, net cash from operating activities amounted to approximately RMB426.7 million as compared to that of approximately RMB-2,012.7 million for the six months ended 30 June 2023.

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.

PROCEEDS FROM THE LISTING

The H shares of the Company (the “**H Shares**”) were successfully listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 19 December 2019 with 133,333,400 new H Shares issued and, upon the exercise of the over-allotment option in full, 153,333,400 H Shares were issued in aggregate. Net proceeds from the listing amounted to approximately HK\$5,218.2 million after deducting the underwriting fees and relevant expenses. As of 30 June 2024, the Group has used approximately HK\$4,043.2 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\$1,175.0 million, which will be allocated and used in accordance with the use and proportions as set out in the Announcement. Details of the specific use are as follows:



MANAGEMENT DISCUSSION AND ANALYSIS

Revised use of the net proceeds as stated in the Announcement	Revised percentage of net proceeds as stated in the Announcement %	Net proceeds for revised planned use as stated in the Announcement HK\$ millions	Net proceeds actually utilised as of 30 June 2024 HK\$ millions	Revised net proceeds unutilised as of 30 June 2024 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	198.6	766.7	On or before 31 December 2024
To further develop the Group's value-added services, which include the development of value-added products and services related to daily scenarios (such as communities, commercial offices and urban management) and assets (such as leasing and sales of properties, parking spaces and shops), the upgrading of hardware and the development of smart community and commercial facilities operation services, and the development of value-added services related to commercial operations such as office buildings	62.5	3,261.4	3,261.4	0.0	On or before 31 December 2024
To upgrade the Group's systems of digitisation and smart management, which include the purchase and upgrading of hardware for building smart terminals and Internet of Things platforms, the construction and development of internal information sharing platforms and databases, the recruitment and development of professional and technical staff and information management teams, and the commencement of R&D for innovative applications related to the Group's business	9.0	469.6	66.0	403.6	On or before 31 December 2024
Working capital and general corporate purposes	10.0	521.8	517.2	4.7	On or before 31 December 2024
Total	100.0	5,218.2	4,043.2	1,175.0	

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

CONTINGENT LIABILITIES

As at 30 June 2024, 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 2024 and until the date of this report.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group had 31,840 employees (as at 30 June 2023: 37,377 employees). For the six months ended 30 June 2024, the total staff costs was approximately RMB1,867.2 million.

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

EMPLOYEE TRAINING AND DEVELOPMENT

The Group places a strong emphasis on recruiting 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 “Panlong Programme 1+N” has been rolled out to attract high-calibre management and professional talents internally and externally. The Group continues to refine the talent cultivation system by targeting key talent teams, with a focus in 2024 on pushing forward talent supply chain systems such as the “Galaxy Operations Officer” project managers, the “Star Triangle” skilled talents, and the “Star Generation” graduate succession, and to upgrade the talent management system for key roles, promote the scientific management of key talents, shape the benchmark of the Spark culture (星火文化) in order to continue to optimise the organizational atmosphere of the Company and promote the growth and career development of employees.

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 2024.



REVIEW OF ACCOUNTS

The audit committee of the Company (the “**Audit Committee**”) was established with written terms of reference in accordance with Appendix C1 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 to be responsible for reviewing and monitoring the financial reporting, risk management and internal control systems of the Company, and assist the Board to fulfil its responsibility over 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 2024, 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 Appendix C1 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 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct governing dealings in 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 2024.

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

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares).

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. On 13 May 2024, the Board approved the first tranche of unlocking of the first tranche of grant under the Initial Grant. For relevant details, please refer to the announcements and circular of the Company dated 15 November 2021, 28 January 2022, 31 January 2022, 26 April 2022, 20 January 2023 and 13 May 2024 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; (vi) the Reserved Grant of the Initial Grant under the Scheme; and (vii) the first tranche of unlocking 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 24 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.

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

As at 30 June 2024, 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 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⁾	78,256 (L) ⁽²⁾	0.01
		Beneficial owner	38,544 (L)	0.01
Liu Ping	Poly Developments and Holdings	Beneficial owner	7,723,184 (L)	0.06
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 2024, 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, of which 38,544 shares were vested to Ms. Wu Lanyu during the period, 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 2024, 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 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 2024, 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	Brown Brothers Harriman & Co.	Approved lending agent	11,251,574 (L)	7.34	2.03
			11,251,574 (P)	7.34	2.03
	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
	Pandanus Associates Inc. ⁽³⁾	Interest in controlled corporation	6,642,000 (S) ⁽²⁾	4.33 ⁽²⁾	1.20
			8,414,800 (L) ⁽³⁾	5.49 ⁽³⁾	1.52
		FIDELITY FUNDS	Beneficial owner	7,702,000 (L)	5.02
	CCB Investment Funds Management Co., Ltd. ⁽⁴⁾	Interest in controlled corporation	6,681,400 (L) ⁽⁴⁾	5.01 ⁽⁴⁾	1.20
Domestic share	China Poly Group Corporation Limited ⁽⁵⁾	Interest in controlled corporation	400,000,000 (L)	100.00	72.289
	Poly Southern Group Co., Ltd. ⁽⁵⁾	Interest in controlled corporation	400,000,000 (L)	100.00	72.289
	Poly Developments and Holdings ⁽⁵⁾	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 Holding Co., Ltd. ⁽⁵⁾	Interest in controlled corporation	20,000,000 (L)	5.00	3.614
Xizang Hetai Corporate Management Co., Ltd. ⁽⁵⁾	Beneficial owner	20,000,000 (L)	5.00	3.614	

Notes:

As shown in the disclosed information:

Long position – L; Short position – S; Shares available for lending – P

* As at 30 June 2024, the Company had a total of 553,333,400 issued shares, comprising 400,000,000 domestic shares and 153,333,400 H Shares.

(1) Disclosure of the number of H Shares held is made pursuant to the latest disclosure of interests notice filed as of 30 June 2024 (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 2024 (date of the relevant event: 26 February 2020).



- (3) Pandanus Partners L.P. is wholly-owned by Pandanus Associates Inc. and FIL Limited is held as to 40.44% by Pandanus Partners L.P.. FIL Limited has control over several corporations, and is deemed by the SFO to be interested in a long position in a total of 8,414,800 H Shares of the Company through various directly or indirectly controlled corporations. Both Pandanus Associates Inc. and Pandanus Partners L.P. are deemed by the SFO to be interested in the long positions held by FIL Limited.
- (4) 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 2024 (date of the relevant event: 19 December 2019).
- (5) (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 Holding Co., Ltd. ("**Guangzhou Baoli Hetai**", formerly known as Guangzhou Baoli Hetai Financial Holding Co., Ltd.) 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 2024, 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 2024 and up to the date of this report are set out below:

Mr. Hu Zaixin ceased to be a director of the Company, effective from 13 March 2024.

Mr. Wang Xiaojun ceased to be an independent non-executive director of China Aerospace International Holdings Limited (中國航天國際控股有限公司), whose shares are listed on the Stock Exchange (stock code: 00031), effective from 26 March 2024.

Mr. Zhang Liqing ceased to be an external supervisor of China Minsheng Banking Corp., Ltd. (中國民生銀行股份有限公司), whose shares are listed on the Shanghai Stock Exchange (stock code: 600016), effective from 27 June 2024.



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 23 to 46, which comprise the interim condensed consolidated statement of financial position as of 30 June 2024, and the related interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended, and notes to the interim condensed consolidated financial statements. 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.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Wan Wing Ping

Practising certificate number P07471

Hong Kong, 19 August 2024

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



For the six months ended 30 June 2024

		Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
	<i>Notes</i>		
Revenue	5	7,871,374	7,141,206
Cost of services		(6,261,240)	(5,629,689)
Gross profit		1,610,134	1,511,517
Other income and other gains and losses, net	6	13,864	47,419
Selling and marketing expenses		(3,560)	(7,644)
Administrative expenses		(489,916)	(516,256)
Other expenses		(999)	(837)
Share of results of associates and joint venture		2,307	1,384
Finance costs		(2,276)	(2,377)
Profit before tax	7	1,129,554	1,033,206
Income tax expense	8	(274,978)	(256,363)
Profit for the period		854,576	776,843
Profit for the period attributable to:			
– Owners of the Company		845,958	763,525
– Non-controlling interests		8,618	13,318
		854,576	776,843
Other comprehensive income, net of tax			
Item that will not be reclassified to profit or loss:			
Fair value gain on equity instruments at fair value through other comprehensive income		–	1,111
Other comprehensive income for the period, net of tax		–	1,111
Total comprehensive income for the period		854,576	777,954
Total comprehensive income for the period attributable to:			
– Owners of the Company		845,958	764,636
– Non-controlling interests		8,618	13,318
		854,576	777,954
Earnings per share (expressed in RMB per share)			
– Basic	10	1.54	1.38
– Diluted	10	1.54	1.38



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	<i>Notes</i>	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	11	237,510	241,861
Leased assets and investment properties	12	867,652	226,491
Intangible assets	13	98,861	103,866
Interests in associates and joint venture	14	20,259	15,502
Prepayments for property, plant and equipment	17	4,644	4,330
Deferred tax assets		61,488	57,138
		1,290,414	649,188
Current assets			
Inventories	15	27,839	31,365
Trade and bills receivables	16	3,580,226	2,340,608
Prepayments, deposits and other receivables	17	904,289	844,634
Cash and cash equivalents	18	10,604,566	11,011,462
		15,116,920	14,228,069
Current liabilities			
Trade payables	19	2,492,001	2,009,076
Accruals and other payables	20	2,554,884	2,161,181
Contract liabilities	21	1,750,074	1,547,654
Lease liabilities	22	48,934	43,105
Income tax payable		255,041	160,288
		7,100,934	5,921,304
Net current assets		8,015,986	8,306,765
Total assets less current liabilities		9,306,400	8,955,953

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024



	<i>Notes</i>	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Non-current liabilities			
Lease liabilities	22	70,240	68,598
Deferred tax liabilities		7,779	10,821
		78,019	79,419
Net assets			
		9,228,381	8,876,534
Share capital and reserves			
Share capital	23	553,333	553,333
Reserves		8,507,351	8,166,572
Equity attributable to owners of the Company		9,060,684	8,719,905
Non-controlling interests		167,697	156,629
Total equity		9,228,381	8,876,534

The interim condensed consolidated financial statements on pages 23 to 46 were approved and authorised for issue by the board of directors on 19 August 2024 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 2024

	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 24)	Capital reserve RMB'000	Statutory reserve RMB'000 (Note (b))	Fair value reserve RMB'000 (Note (c))	Share-based payments reserve RMB'000 (Note 24)	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 shares under the restricted share incentive scheme (Note 24)	-	-	(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 interests	-	-	-	-	-	-	-	-	-	(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
At 1 January 2024 (audited)	553,333	4,535,479	(166,009)	(1,549)	276,667	-	60,301	3,461,683	8,719,905	156,629	8,876,534
Total comprehensive income for the period	-	-	-	-	-	-	-	845,958	845,958	8,618	854,576
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	2,450	2,450
Effect of shares vested under restricted share incentive scheme (Note 24)	-	-	45,726	12,704	-	-	(28,413)	-	30,017	-	30,017
Disposal of shares under restricted share incentive scheme (Note 24)	-	-	2,549	(492)	-	-	-	-	2,057	-	2,057
Recognition of equity-settled share-based payments	-	-	-	-	-	-	14,974	-	14,974	-	14,974
Dividend recognised as distribution (Note 9)	-	-	-	-	-	-	-	(552,227)	(552,227)	-	(552,227)
At 30 June 2024 (unaudited)	553,333	4,535,479	(117,734)	10,663	276,667	-	46,862	3,755,414	9,060,684	167,697	9,228,381

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 represents the amount transferred from net profit for the period of the Company, based on the People's Republic of China ("PRC") statutory financial statements, in accordance with the relevant PRC laws until the statutory reserve reach 50% of the registered capital. The statutory reserves cannot be reduced except either in setting off the accumulated losses or increasing capital.
- Fair value reserve represents 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 2024

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Operating activities		
Cash generated from /(used in) operations	616,606	(1,784,385)
Income tax paid	(187,617)	(225,920)
Interest paid	(2,276)	(2,377)
Net cash generated from/(used in) operating activities	426,713	(2,012,682)
Investing activities		
Purchase of property, plant and equipment	(17,134)	(36,394)
Purchase of leased assets and other investment properties	(839,993)	–
Capital injection in an associate	(2,450)	–
Proceeds on disposal of property, plant and equipment	315	258
Interest received	55,884	28,001
Net cash used in investing activities	(803,378)	(8,135)
Financing activities		
Dividend paid to non-controlling interests	–	(1,613)
Proceeds from restricted share incentive scheme	–	17,645
Repayments of restricted share incentive scheme	(1,717)	(257)
Repayments of lease liabilities	(16,308)	(25,571)
Payments on acquisition of additional interest in a subsidiary	(16,917)	–
Contributions from non-controlling interests	2,450	2,450
Proceeds from disposal of shares under restricted share incentive scheme	2,057	–
Purchase of shares under restricted share incentive scheme	–	(35,913)
Net cash used in financing activities	(30,435)	(43,259)
Net decrease in cash and cash equivalents	(407,100)	(2,064,076)
Cash and cash equivalents at beginning of the period	11,011,462	8,956,316
Effect of exchange rate changes on cash and cash equivalents	204	3,684
Cash and cash equivalents at end of the period	10,604,566	6,895,924



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1 GENERAL INFORMATION

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

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

The Company’s immediate holding company is Poly Developments and Holdings Group Co., Ltd. (“**Poly Developments and Holdings**”) whose shares are listed on the Main Board of Shanghai Stock Exchange in the PRC. The Company’s ultimate holding company is China Poly Group Corporation Limited, 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 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 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA.

3 PRINCIPAL ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared on the historical cost basis.

Other than change in accounting policies resulting from application of 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 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2023.



3 PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following 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 2024 for the preparation of the Group's interim condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

4 SEGMENT INFORMATION

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

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

Geographical information

The major operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group's revenue was derived in the PRC during the six months ended 30 June 2024 and 2023.

As at 30 June 2024 and 31 December 2023, all of the non-current assets were located in the PRC.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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 2024 and 2023 was as follows:

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Types of goods or services		
Property management services	5,593,282	4,818,132
Value-added services to non-property owners		
– Pre-delivery services and other value-added services to non-property owners	856,498	852,603
Community value-added services	1,249,912	1,272,451
Revenue from contracts with customers	7,699,692	6,943,186
Value-added services to non-property owners		
– Rental income	171,682	198,020
Total	7,871,374	7,141,206

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Timing of revenue recognition		
Property management services		
– Over time	5,593,282	4,818,132
Value-added services to non-property owners		
– Over time	856,498	852,603
– Over the lease term	171,682	198,020
Community value-added services		
– Over time	845,343	889,992
– At a point in time	404,569	382,459
Total	7,871,374	7,141,206



6 OTHER INCOME AND OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Other income:		
Bank interest income	34,461	30,551
Other interest income <i>(Note (a))</i>	6,601	1,050
Government grants and tax incentives <i>(Note (b))</i>	12,301	39,658
Penalty income	3,030	4,991
Others	941	166
	57,334	76,416
Other gains and losses, net:		
Gain/(loss) on modification of lease contracts, net	351	(6)
Gain/(loss) on disposal of property, plant and equipment, net	134	(314)
Impairment loss on trade and bills receivables	(48,611)	(29,825)
Reversal of impairment loss/(impairment loss) on deposits and other receivables	4,452	(2,536)
Exchange gain, net	204	3,684
	(43,470)	(28,997)
	13,864	47,419

Notes:

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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

7 PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Depreciation of property, plant and equipment	45,120	43,793
Depreciation of leased assets and investment properties	142,173	143,006
Amortisation of intangible assets (included in "Cost of services")	5,005	5,006
	192,298	191,805
Finance costs – interest on lease liabilities	2,276	2,377
Cost of goods sold	374,306	338,903
Staff costs (including directors' emoluments):		
– Salaries and bonus	1,565,935	1,950,404
– Pension costs, housing funds, medical insurances and other social insurances	286,254	315,869
– Equity-settled share-based expenses	14,974	19,173
	1,867,163	2,285,446

8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Current tax – PRC Enterprise Income Tax ("EIT")	282,370	272,386
Deferred tax	(7,392)	(16,023)
	274,978	256,363

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 2024 and 2023.

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 2023: 25%), except for certain subsidiaries which are entitled to preferential tax rates, as determined in accordance with the relevant tax rules and regulations in the PRC.



9 DIVIDENDS

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

During the six months ended 30 June 2024, final dividend of RMB552,226,733 (tax inclusive) in respect of 2023 was declared and paid in July 2024.

No interim dividend was declared for the six months ended 30 June 2024 and 2023.

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	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Earnings		
Profit attributable to owners of the Company	845,958	763,525

	Six months ended 30 June	
	2024 '000 (unaudited)	2023 '000 (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note (a))	548,776	551,995
Effect of shares under restricted share incentive scheme (Note 24)	306	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share (Note (b))	549,082	551,995

Notes:

- (a) 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 2024, 1,363,098 H shares of the Company were vested and 76,000 H shares of the Company were lapsed and sold to the secondary market by an independent trustee appointed by the Company (Note 24). During the six months ended 30 June 2023, 1,000,000 shares were purchased by the trustee appointed by the Company from the secondary market (Note 24).
- (b) Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended 30 June 2024, the Company's dilutive potential ordinary shares comprise restricted shares granted under the restricted share incentive scheme (Note 24). There was no dilutive effect arising from restricted share incentive scheme for the six months ended 30 June 2023.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

11 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment with an aggregate cost of RMB16,820,000 (six months ended 30 June 2023: RMB40,649,000).

In addition, the Group has entered into several leases for offices during the six months ended 30 June 2024 and 2023. Right-of-use assets amounted to RMB25,240,000 (six months ended 30 June 2023: RMB17,328,000) have been recognised for the current period.

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

At 30 June 2024 and 31 December 2023, 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 2023, 31 December 2023 and 1 January 2024 (audited)	946,457	20,554	967,011
Additions and lease modifications	783,334	–	783,334
At 30 June 2024 (unaudited)	1,729,791	20,554	1,750,345
ACCUMULATED DEPRECIATION			
At 1 January 2023 (audited)	450,176	4,359	454,535
Provided for the year	285,327	658	285,985
At 31 December 2023 and 1 January 2024 (audited)	735,503	5,017	740,520
Provided for the period	141,844	329	142,173
At 30 June 2024 (unaudited)	877,347	5,346	882,693
NET CARRYING VALUE			
At 30 June 2024 (unaudited)	852,444	15,208	867,652
At 31 December 2023 (audited)	210,954	15,537	226,491



13 INTANGIBLE ASSETS

	Property management contracts RMB'000	Goodwill RMB'000	Total RMB'000
COST			
At 1 January 2023 (audited)	88,000	64,897	152,897
Disposal of a subsidiary	(3,000)	(904)	(3,904)
At 31 December 2023 (audited), 1 January 2024 (audited) and 30 June 2024 (unaudited)	85,000	63,993	148,993
ACCUMULATED AMORTISATION			
At 1 January 2023 (audited)	38,114	–	38,114
Amortisation	10,013	–	10,013
Disposal of a subsidiary	(3,000)	–	(3,000)
At 31 December 2023 and 1 January 2024 (audited)	45,127	–	45,127
Amortisation	5,005	–	5,005
At 30 June 2024 (unaudited)	50,132	–	50,132
NET CARRYING VALUE			
At 30 June 2024 (unaudited)	34,868	63,993	98,861
At 31 December 2023 (audited)	39,873	63,993	103,866

14 INTERESTS IN ASSOCIATES AND JOINT VENTURE

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Cost of investments in associates and joint venture, unlisted	12,500	10,050
Share of post-acquisition profits and other comprehensive income, net of dividend received	7,759	5,452
	20,259	15,502



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

15 INVENTORIES

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Car parking spaces	19,100	21,575
Raw materials	1,385	1,430
Consumables goods and other inventories	7,354	8,360
	27,839	31,365

16 TRADE AND BILLS RECEIVABLES

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Trade receivables		
– Related parties (<i>Note 26(c)</i>)	838,263	520,624
– Third parties	2,892,176	1,923,291
	3,730,439	2,443,915
Less: allowance for credit losses	(151,986)	(103,375)
	3,578,453	2,340,540
Bills receivables	1,773	68
	3,580,226	2,340,608

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.



16 TRADE AND BILLS RECEIVABLES (Continued)

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 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Within one year	3,377,641	2,205,782
One to two years	189,352	122,298
Over two years	13,233	12,528
	3,580,226	2,340,608

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

17 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Prepayments		
– Prepayments for property, plant and equipment	4,644	4,330
– Prepayments to suppliers (<i>Note (a)</i>)	106,136	77,158
	110,780	81,488
Deposits and other receivables		
– Deposits	183,034	166,035
– Payments on behalf of property owners	545,971	557,073
– Interest receivables (<i>Note (b)</i>)	4,175	18,997
– VAT receivables	91,274	52,396
– Others	10,421	14,149
	834,875	808,650
Less: allowance for credit losses	(36,722)	(41,174)
	798,153	767,476
	908,933	848,964



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

17 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Analysed for reporting purposes:		
Non-current portion	4,644	4,330
Current portion	904,289	844,634
	908,933	848,964

Notes:

- (a) As at 30 June 2024 and 31 December 2023, included in the balance are prepayments for rental expenses to Poly Developments and Holdings and its subsidiaries (collectively referred to as "**Poly Developments and Holdings Group**"), which amounted to RMB474,000 and RMB1,963,000 respectively.
- (b) As at 30 June 2024 and 31 December 2023, included in the balance are interest receivables from the deposits maintained in Poly Finance, a licenced financial institution, amounting to RMB105,000 and RMB414,000 respectively. Please refer to Note 6(a) for further details.

18 CASH AND CASH EQUIVALENTS

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Cash on hand	21	12
Cash at banks and financial institution	10,604,545	11,011,450
	10,604,566	11,011,462

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 2024, cash and cash equivalents in the amount of RMB28,542,000 (31 December 2023: RMB29,292,000) and RMB10,576,024,000 (31 December 2023: RMB10,982,170,000) 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 2024, the Group's cash and cash equivalents include deposits in Poly Finance, a licenced financial institution, amounting to RMB901,257,000 (31 December 2023: RMB2,026,993,000). The amount is unsecured and interest-bearing at market rate.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



For the six months ended 30 June 2024

19 TRADE PAYABLES

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Related parties (Note 26(c))	125,793	62,950
Third parties	2,366,208	1,946,126
	2,492,001	2,009,076

Most of the credit terms 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 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Within one year	2,437,639	1,953,313
One to two years	51,454	50,891
Over two years	2,908	4,872
	2,492,001	2,009,076

20 ACCRUALS AND OTHER PAYABLES

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Deposits received	882,788	870,737
Temporary receipts from property owners	828,518	863,579
Accrued salaries and other allowances	121,623	218,438
Dividends payables	552,227	–
Other tax payables	60,250	75,150
Consideration payable at FVTPL	–	16,917
Others	109,478	116,360
	2,554,884	2,161,181



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

21 CONTRACT LIABILITIES

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Property management services	1,636,570	1,422,361
Value-added services to non-property owners	12,786	14,954
Community value-added services	100,718	110,339
	1,750,074	1,547,654

22 LEASE LIABILITIES

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Lease liabilities payable:		
Within one year	48,934	43,105
More than one year but less than two years	23,278	41,873
More than two years but less than five years	37,540	20,332
More than five years	9,422	6,393
	119,174	111,703
Less: Amount due for settlement within 12 months shown under current liabilities	(48,934)	(43,105)
Amount due for settlement after 12 months shown under non-current liabilities	70,240	68,598

23 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 2023 (audited), 31 December 2023 (audited), 1 January 2024 (audited) and 30 June 2024 (unaudited)	400,000	400,000	153,333	153,333	553,333	553,333

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



24 RESTRICTED SHARE INCENTIVE SCHEME

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

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

On 26 April 2022 ("**First Grant Date**"), the Board approved to implement the initial grant ("**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 the First 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 share. The fair value of shares granted on the Reserved Grant Date was determined based on the difference between the closing price on the Reserved Grant Date and grant price as HK\$32.04 per share.

During the six months ended 30 June 2024, upon the expiration of the two-year lock-up period and the fulfillment of the unlocking conditions of the first tranche of the Initial Grant, 1,363,098 H shares of the Company were vested to 159 grantees, except for 76,000 H shares of the Company that were lapsed and sold to the secondary market by an independent trustee (the "**Trustee**").

The following table discloses movements in number of restricted shares granted for the six months ended 30 June 2024 and year ended 31 December 2023:

	Weighted average fair value (HK\$ per share)	Number of restricted shares
At 1 January 2023 (audited)	24.94	4,282,400
Granted during the year	32.04	770,800
Lapsed during the year	24.94	(104,400)
At 31 December 2023 and 1 January 2024 (audited)	26.05	4,948,800
Vested during the period	24.94	(1,363,098)
Lapsed during the period	27.61	(76,000)
At 30 June 2024 (unaudited)	26.44	3,509,702



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For the six months ended 30 June 2024

24 RESTRICTED SHARE INCENTIVE SCHEME (Continued)

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

During the year ended 31 December 2023, the Trustee had purchased 3,878,200 H shares at a total cash consideration of RMB120,097,000 (calculated at the exchange rate on the date of purchase), which was debited to the equity of the Company.

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

	Number of restricted shares	Amount RMB'000
At 1 January 2023 (audited)	1,070,600	45,912
Shares purchased during the year	3,878,200	120,097
At 31 December 2023 and 1 January 2024 (audited)	4,948,800	166,009
Vested during the period	(1,363,098)	(45,726)
Lapsed during the period	(76,000)	(2,549)
At 30 June 2024 (unaudited)	3,509,702	117,734

The Group recognised the total share-based payment expense of RMB14,974,000 for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB19,173,000) in relation to restricted shares granted by the Company.

25 CAPITAL COMMITMENTS

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Capital expenditure in respect of the acquisition of property, plant and equipment (contracted for but not provided)	4,033	5,606

26 MATERIAL RELATED PARTY 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 period.

(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



26 MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Material related party transactions

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Poly Developments and Holdings Group		
Provision of services		
– Property management services	58,917	59,230
– Value-added services to non-property owners, other than rental income	713,898	661,307
– Community value-added services	157,241	220,463
– Rental income	33,031	33,609
Shared rent expense	7,440	33,899
Lease contract arrangements		
– Leased assets	868,340	354,217
– Lease liabilities	40,260	28,003
– Depreciation	152,759	147,310
– Interest expense	740	743
– Short-term leases expenses	2,904	1,815
Associates of Poly Developments and Holdings Group		
Provision of services		
– Property management services	24,117	9,027
– Value-added services to non-property owners, other than rental income	69,377	81,783
– Community value-added services	2,833	10,286
– Rental income	611	3,049
Lease contract arrangements		
– Leased assets	2,204	–
– Lease liabilities	2,153	–
– Depreciation	472	133
– Interest expense	52	–
– Short-term leases expenses	501	115
Joint ventures of Poly Developments and Holdings Group		
Provision of services		
– Property management services	5,768	1,693
– Value-added services to non-property owners, other than rental income	24,240	25,760
– Community value-added services	2,369	3,819
China Poly Group		
Provision of services		
– Property management services	11,401	9,044
– Rental income	5,555	4,355
Purchase of products	120,481	4,098
Disposal of financial assets at fair value through other comprehensive income	–	13,111
Poly Finance		
Interest income	6,601	1,047



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For the six months ended 30 June 2024

26 MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(c) Material related party balances

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Poly Developments and Holdings Group		
– Trade receivable	700,293	422,405
– Deposit and other receivable	21,634	18,993
– Trade payable	52,260	42,459
– Accrual and other payable	65,962	68,159
– Contract liabilities	37,948	28,185
Associates of Poly Developments and Holdings Group		
– Trade receivable	101,924	77,063
– Deposit and other receivable	1,587	1,409
– Trade payable	15,597	13,748
– Accrual and other payable	3,969	1,431
– Contract liabilities	2,108	5,129
Joint ventures of Poly Developments and Holdings Group		
– Trade receivable	34,353	20,769
– Deposit and other receivable	164	175
– Trade payable	5,565	5,151
– Accrual and other payable	6,325	522
– Contract liabilities	5,434	5,585
China Poly Group		
– Trade receivable	1,693	387
– Deposit and other receivable	268	226
– Trade payable	52,371	1,592
– Accrual and other payable	2,441	2,541
– Contract liabilities	374	19

As of 30 June 2024 and 31 December 2023, all balances are unsecured, interest-free and repayable on demand or according to contract terms.



26 MATERIAL RELATED PARTY 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 2024 and 2023, 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 counterparty is a state-controlled enterprise or not. In the opinion of the Group, all such transactions were conducted in the ordinary course of business and on normal commercial terms.

27 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).



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For the six months ended 30 June 2024

27 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 31 December 2023	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Consideration payable at FVTPL – Liability arising from acquisition of Chengdu Vastrong Property Development Co., Ltd ("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 2024	31 December 2023			
Liability arising from acquisition of Vastrong Property	–	RMB16,917,000	Discounted cash flow method	N/A (Note)	N/A

Note:

The acquisition agreement for an additional 16.7% equity interest in Vastrong Property was settled in January 2024.

The movement during the six months ended 30 June 2024 and year ended 31 December 2023 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 2023 (audited)	12,000	16,917
Fair value change recognised in other comprehensive income	1,111	–
Disposals	(13,111)	–
At 31 December 2023 and 1 January 2024 (audited)	–	16,917
Settlements	–	(16,917)
At 30 June 2024 (unaudited)	–	–

During the six months ended 30 June 2024 and year ended 31 December 2023, 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 statements approximate their fair value.