

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



POLY PROPERTY SERVICES CO., LTD.

保利物業服務股份有限公司

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

(Stock Code: 06049)

**CONNECTED TRANSACTION –
EQUITY TRANSFER AGREEMENT
AND
FURTHER INFORMATION IN RELATION TO
THE EQUITY TRANSFER OF POLY HELE**

EQUITY TRANSFER AGREEMENT

On 28 June 2023, the Company entered into the Equity Transfer Agreement with Poly Herun, pursuant to which, the Company shall transfer the Target Equity to Poly Herun at a consideration of RMB55.7069 million. Upon completion of the transaction, the Company will no longer hold any equity interest in Poly Aijia.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Poly Developments and Holdings is interested in an aggregate of 72.289% of the total issued share capital of the Company and is a controlling shareholder of the Company. Poly Herun is a wholly-owned subsidiary of Poly Developments and Holdings, therefore, is a connected person of the Company under the Listing Rules. Accordingly, the Transfer will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

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

1. EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are as follow:

- Date : 28 June 2023
- Parties : (i) the Company (as the transferor)
(ii) Poly Herun (as the transferee)
- Subject matter : The Company shall transfer all the equity interest in Poly Aijia held by it (i.e. 30%) to Poly Herun.
- Consideration : Poly Herun shall pay the Company a one-off consideration of RMB55.7069 million within three months from the date of signing of the Equity Transfer Agreement. The consideration was arrived at after arm's length negotiations between the Company and Poly Herun and was determined with reference to a valuation report prepared by the independent Valuer. The valuation report adopted the valuation based on asset-based approach as the final valuation conclusion. Taking 31 January 2023 as the valuation benchmark date (the "**Benchmark Date**"), the appraised value of all the equity interest of Poly Aijia was RMB185.6895 million.
- Completion of equity transfer : The completion date of the Transfer shall be the day on which the transfer of the Target Equity is registered with relevant industrial and commercial authorities. The Company no longer enjoys or assumes all the profits or losses and risks of Poly Aijia from the Benchmark Date.
- Effective date : The Equity Transfer Agreement shall come into force on the date on which the parties or their authorized representatives sign and seal the agreement and obtain the approval on the Transfer from relevant state-owned assets supervision authorities.

The consideration for the transfer shall be subject to the results of the state-owned assets assessment and filing.

2. FINANCIAL INFORMATION OF POLY AIJIA

Poly Aijia is a company established in the PRC with limited liability on 6 January 2017. As at the date of this announcement, Poly Aijia is an associate of the Company, and its equity interest is held as to 30%, 40% and 30% by the Company, Poly Investment Consultancy and Poly Capital, respectively. Poly Aijia's registered capital is RMB100 million, of which RMB50 million was paid up by its shareholders on a pro rata basis. Poly Aijia is principally engaged in real estate agency service businesses.

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

	For the year ended 31 December 2022 <i>RMB million</i>	For the year ended 31 December 2021 <i>RMB million</i>
Net (loss)/profit before tax	(24)	86
Net (loss)/profit after tax	(25)	72

As at 31 December 2022, the audited net assets of Poly Aijia was approximately RMB187 million.

3. FINANCIAL IMPACT AND USE OF PROCEEDS

The audited book value of the net assets attributable to the 30% equity interest of Poly Aijia as at 31 January 2023 was RMB55.4101 million, and the Company is expected to record a book gain of RMB0.2968 million (before tax and expenses) as a result of the transfer of Poly Aijia's 30% equity interest. The specific accounting treatment and impact shall be subject to the annual audited results confirmed by the auditor.

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

4. REASONS FOR AND BENEFITS OF THE TRANSFER AND THE POLY HELE EQUITY TRANSFER

Reference is made to the announcement issued by the Company on 31 May 2023 regarding the transfer of 13.875% equity interest in Poly Hele by the Company. The Company hereby discloses the following information in respect of the reasons for and benefits of the Transfer and the Poly Hele Equity Transfer:

During the continuous growth and development of the Group's business, the Group will regularly review its investment portfolio, and has decided to dispose all its equity interests in Poly Aijia and Poly Hele. The investments in Poly Aijia and Poly Hele only account for a minimal part of the Group's total assets, and the Transfer and the Poly Hele Equity Transfer will not have any adverse impact on the Company's financial position and operating results. The Transfer and the Poly Hele Equity Transfer will be beneficial for the Group to optimize its asset structure and business layout.

5. OPINION OF THE BOARD

Due to the above reasons and benefits, the Board (including the independent non-executive Directors) is of the view that the terms of the Equity Transfer Agreement are fair and reasonable and that the transactions contemplated thereunder are carried out in the ordinary course of the Company's business on normal or more favourable commercial terms and are in the interests of the Company and its Shareholders as a whole.

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

6. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Poly Developments and Holdings is interested in an aggregate of 72.289% of the total issued share capital of the Company and is a controlling shareholder of the Company. Poly Herun is a wholly-owned subsidiary of Poly Developments and Holdings, therefore, is a connected person of the Company under the Listing Rules. Accordingly, the Transfer will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

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

7. INFORMATION OF THE PARTIES

Information of the Group

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

Information of Poly Herun

Poly Herun is a company incorporated in the PRC with limited liability on 24 August 2022, and is a wholly-owned subsidiary of Poly Developments and Holdings. The principal business of Poly Herun is to provide real estate agency services.

8. DEFINITIONS

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

“Auditor”	BDO China SHU LUN PAN Certified Public Accountants LLP
“Board”	the board of directors of the Company
“Company”	Poly Property Services Co., Ltd., a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
“Equity Transfer Agreement”	the Equity Transfer Agreement dated 28 June 2023 entered into between the Company and Poly Herun
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Main Board of the Stock Exchange

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Poly Aijia”	Xizang Poly Aijia Property Agency Co., Ltd. (西藏保利愛家房地產經紀有限公司), a company incorporated in the PRC with limited liability, and is an associate of the Company
“Poly Capital”	Poly (Hengqin) Capital Management Co., Ltd. (保利(橫琴)資本管理有限公司), a company incorporated in the PRC with limited liability, and is an associate of Poly Developments and Holdings
“Poly Developments and Holdings”	Poly Developments and Holdings Group Co., Ltd. (保利發展控股集團股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose shares are listed on the Main Board of the Shanghai Stock Exchange (stock code: 600048). Poly Developments and Holdings is a controlling shareholder of the Company
“Poly Hele”	Poly Hele (Zhuhai) Education Technology Group Co., Ltd. (保利和樂(珠海)教育科技集團有限公司), a company incorporated in the PRC with limited liability
“Poly Hele Equity Transfer”	the transfer of 13.875% equity interest of Poly Hele to Poly Southern Group Co., Ltd (保利南方集團有限公司) by the Company. Please refer to the announcement issued by the Company on 31 May 2023 for details
“Poly Herun”	Poly Herun Real Estate Investment Consultancy Co., Ltd. (保利和潤房地產投資顧問有限公司), a company incorporated in the PRC with limited liability, and is a wholly-owned subsidiary of Poly Developments and Holdings
“Poly Investment Consultancy”	Poly Real Estate Investment Consultancy Co., Ltd. (保利地產投資顧問有限公司), a company incorporated in the PRC with limited liability, and is an associate of Poly Developments and Holdings

“PRC”	the People’s Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires, references in this announcement to “China” and the “PRC” do not include Hong Kong, Macau Special Administrative Region and Taiwan of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Equity”	the transfer of 30% equity interest in Poly Aijia by the Company to Poly Herun pursuant to the Equity Transfer Agreement
“Transfer”	the Equity Transfer Agreement and the transactions contemplated thereunder
“Valuer”	Yinxin Property Appraisal Co., Ltd. (銀信資產評估公司)

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

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

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

Guangzhou, the PRC, 28 June 2023

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