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)

MAJOR AND CONTINUING CONNECTED TRANSACTIONS

PARKING SPACE LEASING AND SALES AGENCY SERVICES FRAMEWORK AGREEMENT

On 16 July 2021, the Company entered into the Parking Space Leasing and Sales Agency Services Framework Agreement with Poly Developments and Holdings for a term commencing from the date on which the Parking Space Leasing and Sales Agency Services Framework Agreement is considered and approved at the EGM to 31 December 2023.

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 and a connected person of the Company. Accordingly, the transactions contemplated under the Parking Space Leasing and Sales Agency Services Framework Agreement will constitute continuing connected transactions 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 relevant highest annual cap for the deposit expense portion under the Parking Space Leasing and Sales Agency Services Framework Agreement is higher than 25% but lower than 75%, the deposit expense portion under the Parking Space Leasing and Sales Agency Services Framework Agreement also constitutes a major transaction of the Company. The Company shall be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

In addition, as the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the highest annual cap for the agency service fees income portion under the Parking Space Leasing and Sales Agency Services Framework Agreement exceeds 5%, the Company shall be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE EGM

The Company intends to put forward a proposal at the EGM to seek the Independent Shareholders' approval for the transactions contemplated under the Parking Space Leasing and Sales Agency Services Framework Agreement (including the annual caps). China Poly Group and its associates (including Poly Developments and Holdings and Xizang Yingyue), which are interested in an aggregate of 72.289% of the total issued share capital of the Company as at the date of this announcement, will abstain from voting on the proposal at the EGM. The proposal will be passed by way of an ordinary resolution and voted by way of poll in accordance with the requirements of the Listing Rules.

An independent board committee comprising all the independent non-executive Directors has been formed, and will advise the Independent Shareholders in respect of the transactions contemplated under the Parking Space Leasing and Sales Agency Services Framework Agreement (including the annual caps). An independent financial adviser will be appointed by the Company to advise the independent board committee and the Independent Shareholders in this regard.

As it takes additional time to prepare a circular containing, among other things, (i) further details of the Parking Space Leasing and Sales Agency Services Framework Agreement; (ii) a letter from the independent board committee; (iii) a letter from the independent financial adviser; (iv) a notice of the EGM; and (v) other information about the Company as required under the Listing Rules, such circular is expected to be despatched to the Shareholders on or before 26 August 2021.

1. PARKING SPACE LEASING AND SALES AGENCY SERVICES FRAMEWORK AGREEMENT

The principal terms of the Parking Space Leasing and Sales Agency Services Framework Agreement are set out below:

Date	:	16 July 2021
Parties	:	(i) the Company; and
		(ii) Poly Developments and Holdings
Term	:	The Parking Space Leasing and Sales Agency Services Framework Agreement shall take effect from the date on which it is considered and approved at the EGM to 31 December 2023.

The cooperation within the term of the Parking Space Leasing and Sales Agency Services Framework Agreement is divided into three cycles: the first cycle is from the effective date of the Parking Space Leasing and Sales Agency Services Framework Agreement to 31 December 2021, the second cycle is from 1 January 2022 to 31 December 2022, and the third cycle is from 1 January 2023 to 31 December 2023.

Subject matter : Pursuant to the Parking Space Leasing and Sales Agency Services Framework Agreement, the Group will provide exclusive parking spaces sales and leasing agency services (the "**Exclusive Leasing and Sales Rights**") in respect of the target parking spaces (the "**Target Parking Spaces**") to Poly Developments and Holdings Group to facilitate the sales and leasing activities of parking space properties. Poly Developments and Holdings Group shall not entrust the Target Parking Spaces to other third parties for sales or leasing.

In respect of the Target Parking Spaces, the Exclusive Leasing and Sales Rights are the sole and exclusive rights entitled to the Group, and Poly Developments and Holdings Group shall not sell, transfer or dispose of in any other manner any of the Target Parking Spaces to third parties unless agreed by both parties through negotiation.

The Group and Poly Developments and Holdings Group will enter into specific contracts (the "**Specific Contracts**") to specify the specific projects and the number of Target Parking Spaces during each cooperation cycle.

Pricing policy : The agency services adopt the leasing and sales at the base price model: The Group and Poly Developments and Holdings Group will enter into specific negotiations on the base price for the sales and leasing of the Target Parking Spaces (the "**Cooperation Rights on Leasing and Sales at Base Price**"). Poly Developments and Holdings Group will transfer or lease (as the case may be) the Target Parking Spaces to any third party customers designated by the Group at the request of the Group at an agreed price not lower than the aforesaid base price, and the excess of the agreed price over the base price for sales and leasing will be attributable to the Group as agency service fees. Poly Developments and Holdings Group will settle the payment to the Group on a monthly basis after receiving the payment from third party customers. The transactions will be conducted on normal commercial terms.

The base price for sales or leasing is the minimum price to be charged by Poly Development and Holdings Group for the sales or leasing of the Target Parking Spaces, which in principle shall not exceed 80% of the agreed price for sales or leasing. The agreed price will be determined through negotiation by relevant members of the Group and Poly Developments and Holdings Group with reference to the comparable average price in the surrounding markets of the Target Parking Spaces.

Deposits : In order to obtain the Exclusive Leasing and Sales Rights and the Cooperation Rights on Leasing and Sales at Base Price for the Target Parking Spaces, the Group shall pay deposits to Poly Developments and Holdings Group in an amount not exceeding 50% of the aggregate of the relevant value of the Target Parking Spaces under the Specific Contracts (being the sum of the base price for sales and leasing).

During each cooperation cycle, the Group may replace the unleased and unsold Target Parking Spaces with other parking spaces of the same value.

When each cooperation cycle expires or the Parking Space Leasing and Sales Agency Services Framework Agreement is dismissed or terminated for any reason, Poly Developments and Holdings Group will withdraw the Exclusive Leasing and Sales Rights and the Cooperation Rights on Leasing and Sales at Base Price for unleased and unsold parking spaces and return the corresponding deposits. During each cooperation cycle, if the Group attains an early completion of the leasing and sales of all Target Parking Spaces, Poly Developments and Holdings Group shall return the corresponding deposits after the completion of the leasing and sales.

The deposits payable by the Group under the Parking Space Leasing and Sales Agency Services Framework Agreement is expected to be funded by internal resources of the Group.

2. PROPOSED ANNUAL CAPS AND BASIS OF DETERMINATION

Proposed Annual Caps for Deposits

Pursuant to Chapter 14A of the Listing Rules, the Company is required to set annual caps for the deposits payable by the Group under the Parking Space Leasing and Sales Agency Services Framework Agreement, details of which are set out in the table below.

	From the effective date of the Parking Space Leasing and Sales Agency Services Framework Agreement to 31 December 2021	From 1 January 2022 to 31 December 2022	From 1 January 2023 to 31 December 2023
Proposed Annual Caps	RMB3,000 million	RMB3,000 million	RMB3,000 million

The above proposed annual caps were determined after taking into account the following:

(i) the estimated value of parking spaces of Poly Developments and Holdings Group available for sales/leasing by the Group as an agent for the year ending 31 December 2021 pursuant to the Parking Space Leasing and Sales Agency Services Framework Agreement, taking into account factors including, but not limited to, the number of parking space agency projects under negotiation currently known to the Group, historical sales of parking spaces of relevant projects and the surrounding comparable average price range, resources that the Group may allocate to the business, and the ability to meet the service demand;

(ii) the Parking Space Leasing and Sales Agency Services Framework Agreement stipulates that (1) the total accumulated value of the Target Parking Spaces (being the sum of the base price for sales and leasing) during each cooperation cycle shall not exceed RMB6 billion; and (2) the deposits to be paid shall not exceed 50% of the relevant total value of the Target Parking Spaces (being the sum of the base price for sales and leasing), i.e. not more than RMB3 billion in aggregate during each cooperation cycle; and

(iii) during the three years ending 31 December 2023, the amount of deposits to be paid by the Group to Poly Developments and Holdings Group is expected to remain stable, taking into account factors including, but not limited to: (1) the estimated value of parking spaces of Poly Developments and Holdings Group available for sales/leasing by the Group as an agent for the year ending 31 December 2021 pursuant to the Parking Space Leasing and Sales Agency Services Framework Agreement; and (2) the Group will steadily push forward the parking space sales and leasing agency business in 2022 and 2023.

Proposed Annual Caps for Agency Service Fees

Pursuant to Chapter 14A of the Listing Rules, the Company is required to set annual caps for the agency service fees receivable by the Group under the Parking Space Leasing and Sales Agency Services Framework Agreement, details of which are set out in the table below.

	From the effective date of the Parking Space Leasing and Sales Agency Services Framework Agreement to 31 December 2021	From 1 January 2022 to 31 December 2022	From 1 January 2023 to 31 December 2023
Proposed Annual Caps	RMB300 million	RMB750 million	RMB750 million

The above proposed annual caps were determined after taking into account the following:

(i) the estimated value of parking spaces of Poly Developments and Holdings Group available for sales/leasing by the Group as an agent for the three years ending 31 December 2023 pursuant to the Parking Space Leasing and Sales Agency Services Framework Agreement;

(ii) the base price standards for sales and leasing determined by the Group and Poly Developments and Holdings Group; and

(iii) taking into account the effective transaction period and reasonable leasing and sales arrangements for the year ending 31 December 2021, and considering that the Group will steadily push forward such business throughout the entire 2022 and 2023, the demand and scale of the parking space sales and leasing agency service to be provided by the Group to Poly Developments and Holdings Group for the two years ending 31 December 2023 are expected to increase significantly as compared with those for the year ending 31 December 2021.

3. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Group is a leading comprehensive property management service provider in China with extensive property management scale and state-owned background. Based on its diversified layout, the Group is committed to connecting various premium internal and external resources to provide property owners in the community with high-quality and diversified living services and provide customers with more valuable professional service portfolios.

To cooperate with Poly Development and Holdings Group on the parking space agency business, the Group can: (i) further expand the Group's asset management business and rapidly improve the capabilities of diversified asset sales and leasing; and (ii) promote the steady growth of the Group's value-added services business, thereby broadening the Group's revenue base, enhancing the profitability and bringing valuable returns to the Shareholders.

4. OPINION OF THE BOARD

In view of the above reasons and benefits and given that the transactions contemplated under the Parking Space Leasing and Sales Agency Services Framework Agreement (including the annual caps) are conducted in the ordinary and usual course of business of the Company and are on normal commercial terms or better, the Board considers that the transactions contemplated under the Parking Space Leasing and Sales Agency Services Framework Agreement (including the annual caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has any material interest in the transactions contemplated under the Parking Space Leasing and Sales Agency Services Framework Agreement. Considering that Mr. Huang Hai is the secretary of the board and the officer of the board of directors of Poly Developments and Holdings, Mr. Liu Ping is a director and the general manager of Poly Developments and Holdings and Mr. Hu Zaixin is the deputy secretary of the party committee of Poly Developments and Holdings, all of them abstained from voting on the Board resolution approving the Parking Space Leasing and Sales Agency Services Framework Agreement.

5. INTERNAL CONTROL MEASURES

The Company will adopt the following internal policies and measures to ensure that the transactions under the Parking Space Leasing and Sales Agency Services Framework Agreement are implemented in accordance with the Parking Space Leasing and Sales Agency Services Framework Agreement, which, in specific, include but not limited to:

(1) the management and the finance department of the Company will closely monitor through continuous and timely inquiries the execution of the Specific Contracts under the Parking Space Leasing and Sales Agency Services Framework Agreement, in order to monitor and ensure that the above businesses are falling within the applicable annual caps;

(2) the auditors of the Company will also conduct an annual review on the Parking Space Leasing and Sales Agency Services Framework Agreement and the relevant annual caps and provide confirmation in the annual report of the Company;

(3) the implementation of Specific Contracts shall be subject to the proper approval of the relevant personnel of the finance department, the compliance department and the management of the Group to ensure that the Specific Contracts are in compliance with the pricing policy and principal terms of the Parking Space Leasing and Sales Agency Services Framework Agreement and that the agency service fees are determined at prices not lower than those offered by the Group to independent third parties;

(4) the relevant personnel of the business department of the Group will conduct regular review to understand the prevailing fees level in the markets and the market conditions, so as to consider whether the fees charged for a specific transaction are fair and reasonable and in accordance with the pricing policy;

(5) the independent non-executive Directors of the Company will also conduct an annual review on the implementation and execution of the Specific Contracts entered into pursuant to the Parking Space Leasing and Sales Agency Services Framework Agreement to ensure that the Specific Contracts are conducted in accordance with the terms (including the pricing policy) set out in the Parking Space Leasing and Sales Agency Services Framework Agreement; and

(6) in the event that it is necessary to adjust the annual caps due to business development needs or other reasons, such arrangements will be made in advance and strictly in compliance with the relevant requirements under the Listing Rules.

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 and a connected person of the Company. Accordingly, the transactions contemplated under the Parking Space Leasing and Sales Agency Services Framework Agreement will constitute continuing connected transactions 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 relevant highest annual cap for the deposit expense portion under the Parking Space Leasing and Sales Agency Services Framework Agreement is higher than 25% but lower than 75%, the deposit expense portion under the Parking Space Leasing and Sales Agency Services Framework Agreement also constitutes a major transaction of the Company. The Company shall be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

In addition, as the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the highest annual cap for the agency service fees income under the Parking Space Leasing and Sales Agency Services Framework Agreement exceeds 5%, the Company shall be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

7. THE EGM

The Company intends to put forward a proposal at the EGM to seek the Independent Shareholders' approval for the transactions contemplated under the Parking Space Leasing and Sales Agency Services Framework Agreement (including the annual caps). China Poly Group and its associates (including Poly Developments and Holdings and Xizang Yingyue), which are interested in an aggregate of 72.289% of the total issued share capital of the Company as at the date of this announcement, will abstain from voting on the proposal at the EGM. The proposal will be passed by way of an ordinary resolution and voted by way of poll in accordance with the requirements of the Listing Rules.

An independent board committee comprising all the independent non-executive Directors has been formed, and will advise the Independent Shareholders in respect of the transactions contemplated under the Parking Space Leasing and Sales Agency Services Framework Agreement (including the annual caps). An independent financial adviser will be appointed by the Company to advise the independent board committee and the Independent Shareholders in this regard.

As it takes additional time to prepare a circular containing, among other things, (i) further details of the Parking Space Leasing and Sales Agency Services Framework Agreement; (ii) a letter from the independent board committee; (iii) a letter from the independent financial adviser; (iv) a notice of the EGM; and (v) other information about the Company as required under the Listing Rules, such circular is expected to be despatched to the Shareholders on or before 26 August 2021.

8. INFORMATION ON 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 Developments and Holdings

Poly Developments and Holdings, whose shares are listed on the main board of the Shanghai Stock Exchange, is a joint stock company established in the PRC with limited liability on 14 September 1992. Poly Developments and Holdings focuses on the business of real estate development and operation, and builds an ecological development platform of real estate, which is driven by the real estate investment and development business as its core, with integrated services and real estate finance business as two supplementary businesses.

9. DEFINITIONS

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

"Board"	the board of Directors of the Company
"China Poly Group"	China Poly Group Corporation Limited (中國保利集團有限公司), a wholly state-owned company established in the PRC on 9 February 1993 and wholly-owned by the State-owned Assets Supervision and Administration Commission of the State Council, and a controlling shareholder of the Company
"Company"	Poly Property Services Co., Ltd., a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the main board of the Stock Exchange
"Director(s)"	the director(s) of the Company
"Domestic Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
"EGM"	the extraordinary general meeting to be convened by the Company to consider, amongst others, the Parking Space Leasing and Sales Agency Services Framework Agreement
"Group"	the Company and its subsidiaries
"H Share(s)"	overseas listed foreign shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the main board of the Stock Exchange
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Independent Shareholders"	Shareholders other than those who are required by the Listing Rules to abstain from voting at the EGM on the resolution to approve the transactions contemplated under the Parking Space Leasing and Sales Agency Services Framework Agreement (including the annual caps)

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Parking Space Leasing and Sales Agency Services Framework Agreement"	the Parking Space Leasing and Sales Agency Services Framework Agreement dated 16 July 2021 and entered into by the Company and 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 Developments and Holdings Group"	Poly Developments and Holdings and its associates (but excluding the Group)
"PRC"	the People's Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires, references in this announcement to "China" and the "PRC" do not include Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the Domestic Shares and H Shares
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Xizang Yingyue"	Xizang Yingyue Investment Management Co., Ltd. (西藏赢悦投資管理有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Poly Developments and Holdings
"%"	per cent

In this announcement, the terms "associate", "connected person", "connected transaction", "continuing 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.
Huang Hai
Chairman of the Board and Non-executive Director

Guangzhou, the PRC, 16 July 2021

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