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**碧桂园服务**  
COUNTRY GARDEN SERVICES

**COUNTRY GARDEN SERVICES HOLDINGS COMPANY LIMITED**

**碧桂园服务控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6098)**

**ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**FINANCIAL HIGHLIGHTS**

	<b>Year ended 31 December</b>		
	<b>2022</b>	2021	Change
	<i>(RMB million, unless otherwise stated)</i>		
Revenue	<b>41,366.6</b>	28,843.0	43.4%
Gross profit	<b>10,257.5</b>	8,864.0	15.7%
Percentage of general and administrative expenses	<b>10.3%</b>	11.3%	-1.0 percentage point
Net profit	<b>2,261.3</b>	4,349.5	-48.0%
Profit attributable to the owners of the Company	<b>1,943.4</b>	4,033.4	-51.8%
Core net profit* attributable to the owners of the Company	<b>5,021.8</b>	4,606.9	9.0%
Basic earnings per share <i>(RMB cents)</i>	<b>57.68</b>	128.42	-55.1%
Diluted earnings per share <i>(RMB cents)</i>	<b>57.68</b>	128.01	-54.9%
Total bank deposits and cash	<b>11,376.8</b>	11,755.9	-3.2%
Net cash generated from operating activities	<b>3,321.3</b>	3,407.4	-2.5%
Revenue-bearing gross floor area (“GFA”) of the property management services other than the “Three Supplies and Property Management” businesses <i>(million sq.m.)</i>	<b>869.1</b>	765.7	103.4
Contracted GFA of the property management services other than the “Three Supplies and Property Management” businesses <i>(million sq.m.)</i>	<b>1,601.9</b>	1,437.9	164.0

The Board of Directors recommended the payment of a final dividend of RMB14.40 cents (2021: RMB29.95 cents) per share and a special dividend of RMB22.81 cents (2021: Nil) per share as a token of appreciation to all shareholders for their continuous support and trust in the Company.

\* Core net profit attributable to the owners of the Company excluding borrowing costs of convertible bonds, share-based payment expenses, unrealised gains or losses from financial assets at fair value through profit or loss, amortisation charges of intangible assets — contracts and customer relationships, insurance brokerage license and brands — arising from mergers and acquisitions, impairment of goodwill and other intangible assets, impairment of loans to third parties pledged by equities, losses from disposal of subsidiaries and expected credit losses on external guarantee.

Faced with challenges of complex external situations, Country Garden Services Holdings Company Limited (the “**Company**” or “**CG Services**”) and its subsidiaries (collectively, the “**Group**” or “**we**”) has always adhered to the solid implementation of the new development philosophy and the people-centered development philosophy to ensure stable business operations and protect the safety of customers and employees, improve people’s livelihood with high-quality and diversified property services, actively respond to the call of national policies, and grow resiliently to provide residents with services for a better life.

The board (the “**Board**”) of directors (the “**Director(s)**”) of CG Services announces the audited consolidated results of the Group for the year ended 31 December 2022 (the “**Year**” or the “**current year**”) as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Year ended 31 December	
		2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	4	<b>41,366,573</b>	28,843,011
Cost of providing services	6	<b>(30,099,530)</b>	(19,594,401)
Cost of sales of goods	6	<b>(1,009,577)</b>	(384,613)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>10,257,466</b>	8,863,997
Selling and marketing expenses	6	<b>(437,721)</b>	(337,625)
General and administrative expenses	6	<b>(4,270,325)</b>	(3,259,384)
Impairment of goodwill and other intangible assets	11	<b>(1,770,415)</b>	—
Net impairment losses on financial and contract assets	6	<b>(679,180)</b>	(188,276)
Other income		<b>537,678</b>	198,608
Other (losses)/gains — net	5	<b>(114,158)</b>	451,946
		<hr/>	<hr/>
<b>Operating profit</b>		<b>3,523,345</b>	5,729,266
Finance income	7	<b>142,695</b>	123,212
Finance costs	7	<b>(214,827)</b>	(221,060)
Finance costs — net	7	<b>(72,132)</b>	(97,848)
Share of results of investments accounted for using the equity method		<b>34,425</b>	41,421
		<hr/>	<hr/>
<b>Profit before income tax</b>		<b>3,485,638</b>	5,672,839
Income tax expense	8	<b>(1,224,302)</b>	(1,323,386)
		<hr/>	<hr/>
<b>Profit for the year</b>		<b>2,261,336</b>	4,349,453
		<hr/>	<hr/>
<b>Profit attributable to:</b>			
— Owners of the Company		<b>1,943,422</b>	4,033,395
— Non-controlling interests		<b>317,914</b>	316,058
		<hr/>	<hr/>
		<b>2,261,336</b>	4,349,453
		<hr/>	<hr/>

		<b>Year ended 31 December</b>	
		<b>2022</b>	2021
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Other comprehensive income</b>			
Items that may be reclassified to profit or loss:			
— Currency translation differences		(22,727)	(3,508)
Items that will not be reclassified to profit or loss:			
— Changes in fair value of financial assets at fair value through other comprehensive income		<u>190,828</u>	<u>(64,462)</u>
<b>Total other comprehensive income for the year, net of tax</b>		<u>168,101</u>	<u>(67,970)</u>
<b>Total comprehensive income for the year</b>		<u>2,429,437</u>	<u>4,281,483</u>
<b>Total comprehensive income attributable to:</b>			
— Owners of the Company		2,114,475	3,965,425
— Non-controlling interests		<u>314,962</u>	<u>316,058</u>
		<u>2,429,437</u>	<u>4,281,483</u>
<b>Earnings per share for profit attributable to owners of the Company</b>			
(expressed in RMB cents per share)			
— Basic	9	57.68	128.42
— Diluted	9	<u>57.68</u>	<u>128.01</u>

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

## CONSOLIDATED BALANCE SHEET

		At 31 December	
		2022	2021
	Note	RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,477,517	1,365,576
Other right-of-use assets		214,389	263,688
Investment properties		1,989,667	936,082
Intangible assets	11	25,953,361	27,944,798
Investments accounted for using the equity method		644,815	397,750
Financial assets at fair value through other comprehensive income	12	4,151,610	4,164,466
Contract assets		427,725	390,725
Trade and other receivables	13	246,603	–
Deferred income tax assets		314,715	149,177
		<u>35,420,402</u>	<u>35,612,262</u>
<b>Current assets</b>			
Inventories		270,758	210,514
Trade and other receivables	13	22,146,142	15,577,884
Financial assets at fair value through profit or loss	14	862,822	3,656,197
Restricted bank deposits		161,002	137,282
Cash and cash equivalents		11,215,770	11,618,619
		<u>34,656,494</u>	<u>31,200,496</u>
<b>Total assets</b>		<u><b>70,076,896</b></u>	<u><b>66,812,758</b></u>

		<b>At 31 December</b>	
		<b>2022</b>	2021
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital and share premium	15	27,329,914	27,202,614
Other reserves		812,916	468,640
Retained earnings		9,313,601	8,515,620
		<u>37,456,431</u>	<u>36,186,874</u>
<b>Non-controlling interests</b>		<u>2,452,569</u>	<u>2,186,619</u>
<b>Total equity</b>		<u>39,909,000</u>	<u>38,373,493</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank and other borrowings	17	1,015,929	442,175
Lease liabilities		2,053,781	931,685
Deferred income tax liabilities		2,104,015	2,274,849
		<u>5,173,725</u>	<u>3,648,709</u>
<b>Current liabilities</b>			
Contract liabilities	4	5,981,946	4,535,710
Trade and other payables	16	16,865,118	14,412,941
Current income tax liabilities		697,069	887,709
Convertible bonds		–	4,064,827
Bank and other borrowings	17	1,237,636	680,363
Lease liabilities		212,402	209,006
		<u>24,994,171</u>	<u>24,790,556</u>
<b>Total liabilities</b>		<u>30,167,896</u>	<u>28,439,265</u>
<b>Total equity and liabilities</b>		<u>70,076,896</u>	<u>66,812,758</u>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

Country Garden Services Holdings Company Limited (the “**Company**”) was incorporated in the Cayman Islands on 24 January 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands.

The address of the Company’s registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the “**Group**”) are principally engaged in provision of property management services, community value-added services, value-added services to non-property owners, heat supply services, city services and commercial operational services in the People’s Republic of China (the “**PRC**”).

The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

These consolidated financial statements for the year ended 31 December 2022 are presented in Renminbi (“**RMB**”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 29 March 2023.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRS**”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of financial assets at fair value through other comprehensive income (“**FVOCI**”), financial assets at fair value through profit or loss (“**FVPL**”) and financial liabilities at FVPL, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgments or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

(a) The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2022:

- Merger accounting for common control combinations — Amendments to Accounting Guideline 5
- Property, plant and equipment — proceeds before intended use — Amendments to HKAS 16
- Onerous contracts — cost of fulfilling a contract — Amendments to HKAS 37
- Reference to the conceptual framework — Amendments to HKFRS 3
- Narrow scope amendments (amendments) — Amendments to HKFRS 3, HKAS 16 and HKAS 37
- Annual improvements to HKFRS 2018-2020 cycle — Annual Improvements

The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or annual improvements.

- (b) Except for Amendments to AG 5, HKAS 16, HKAS 37 and HKFRS 3 and Annual Improvements, which become effective this year, new and revised standards and amendments and interpretations to existing standards that have been issued and relevant to the Group but are not effective for the financial year beginning on 1 January 2022 and have not been early adopted are as follows:

		<b>Effective for annual periods beginning on or after</b>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to HKAS 8	Definition of accounting estimates	1 January 2023
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2024
Amendments to HKAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to HKFRS 16	Lease liability in a sale and leaseback	1 January 2024
Hong Kong Interpretation 5 (2020)	Presentation of financial statements — classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

None of these is expected to have a significant effect on the consolidated financial statements of the Group.

### 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

#### (a) Expected credit losses on receivables

The Group makes allowances on receivables based on assumptions about risk of default and expected loss rates. The Group used judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and the related loss allowances in the period in which such estimate is changed.



**(b) Current tax and deferred tax**

The Group is subject to income taxes in the PRC. Judgment is required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

**(c) Fair value assessment of the identified other intangible assets and the recognition of goodwill arising from business combinations**

Significant judgments and estimates were involved in the fair value assessment of the identified other intangible assets and the recognition of goodwill arising from business combinations. These significant judgments and estimates include the adoption of appropriate valuation models and methodologies and the use of key assumptions in the valuation (mainly gross profit margins, earnings before interest, tax, depreciation and amortisation (“**EBITDA**”) margins, discount rates and expected useful lives of the identified intangible assets). See note 11 for more details.

**(d) Goodwill impairment assessment**

For the purposes of goodwill impairment assessment, management considered each of the acquired companies a separate group of cash-generated-units (“**CGU**”) and goodwill has been allocated to each of the acquired companies accordingly. Management assessed the recoverable amount of impairment of goodwill based on income approach amount higher than fair value less costs of disposal (“**FVL COD**”), then the calculation of the estimate of the recoverable amount of determining the impairment of goodwill will be based on the conclusion of the income approach. The goodwill impairment assessment calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Significant judgments and estimates were involved in the goodwill impairment assessment. These significant judgments and estimates include the adoption of appropriate valuation model and methodology and the use of key assumptions in the valuation, which primarily include annual revenue growth rates, gross profit margins, EBITDA margins, terminal growth rate and discount rates. See note 11 for more details.

#### **4 REVENUE AND 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 performance of the operating segment, has been identified as the executive directors of the Company.

The Group was principally engaged in the provision of property management services, community value-added services, value-added services to non-property owners, water, electricity and heat supplies and property management services under the state-owned enterprises separation and reform program (hereinafter referred to as “**Three Supplies and Property Management**”), city services and commercial operational services in the PRC. The CODM of the Company regarded that there were four operating segments which were used to make strategic decisions:

- Property management and related services other than Three Supplies and Property Management businesses, which include property management services, community value-added services and value-added services to non-property owners;
- Three Supplies and Property Management businesses;
- City services business, which include sanitation, cleaning and sewage and waste treatment business; and
- Commercial operational services.

The CODM assesses the performance of the operating segments based on a measure of operating profit, adjusted by excluding realised and unrealised gains from financial assets at FVPL, and including share of results of investments accounted for using the equity method.

Segment assets consist primarily of property, plant and equipment, other right-of-use assets, investment properties, intangible assets, investments accounted for using the equity method, contract assets, inventories, receivables, and operating cash. They exclude deferred income tax assets, financial assets at FVOCI and financial assets at FVPL. Segment liabilities consist primarily of operating liabilities. They exclude current and deferred income tax liabilities and bank and other borrowings.

Capital expenditure comprises additions to property, plant and equipment, other right-of-use assets, investment properties and intangible assets, excluding those arising from business combinations.

Revenue mainly comprises of proceeds from provision of property management services, community value-added services, value-added services to non-property owners, heat supply services, city services and commercial operational services. An analysis of the Group's revenue by category for the years ended 31 December 2022 and 2021 was as follows:

	<b>Year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue from property management and related services other than Three Supplies and Property Management businesses</b>		
— Property management services	<b>22,855,603</b>	13,793,853
— Community value-added services	<b>4,017,481</b>	3,327,590
— Value-added services to non-property owners	<b>2,664,714</b>	2,675,085
— Other services	<b>153,650</b>	134,037
	<b>29,691,448</b>	19,930,565
<b>Revenue from Three Supplies and Property Management businesses</b>		
— Property management and other related services	<b>4,117,791</b>	2,507,514
— Heat supply services	<b>1,435,333</b>	1,221,795
	<b>5,553,124</b>	3,729,309
<b>Revenue from city services business</b>	<b>4,836,881</b>	4,528,952
<b>Revenue from Commercial operational services</b>	<b>1,285,120</b>	654,185
	<b>41,366,573</b>	28,843,011

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the years ended 31 December 2022 and 2021.

Sales between segments are carried out on terms agreed upon by the respective segments' management.

Nearly 100% of the Group's revenue is attributable to the markets in Mainland China and nearly 100% of the Group's non-current assets are located in Mainland China. No geographical information is therefore presented.

(a) **Contract liabilities**

The Group has recognised the following revenue-related contract liabilities:

	At 31 December	
	2022	2021
	RMB'000	RMB'000
<b>Contract liabilities</b>		
Property management services	4,545,760	3,461,819
Community value-added services	506,306	468,807
Value-added services to non-property owners	144,474	9,864
Three Supplies and Property Management		
— Property management and other related services	169,430	119,497
— Heat supply services	492,892	392,157
City services	10,242	6,239
Commercial operational services	112,842	77,327
	<u>5,981,946</u>	<u>4,535,710</u>

(i) **Significant changes in contract liabilities**

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. Such liabilities increased as a result of the growth of the Group's business during the year.

(ii) **Revenue recognised in relation to contract liabilities**

The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities.

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Property management services	3,377,579	1,361,871
Community value-added services	468,807	524,317
Value-added services to non-property owners	9,864	11,213
Three Supplies and Property Management		
— Property management and other related services	100,076	106,976
— Heat supply services	392,157	390,329
City services	6,239	30,904
Commercial operational services	77,327	—
	<u>4,432,049</u>	<u>2,425,610</u>

(iii) *Unsatisfied performance obligations*

For property management services, value-added services to non-property owners, heat supply services, city services and commercial operational services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts. The majority of the property management service, heat supply service, city services and commercial operational services contracts do not have a fixed term. The term of the contracts for value-added services to non-property owners is generally set to expire when the counterparties notify the Group that the services are no longer required.

For community value-added services, they are rendered in short period of time and there is immaterial unsatisfied performance obligation at the end of respective periods.

(iv) *Assets recognised from incremental costs to obtain a contract*

During the year ended 31 December 2022, there were no incremental costs to obtain a contract (2021: nil).

(b) **Segment information**

The segment information provided to the CODM for the year ended 31 December 2022 is as follows:

	Year ended 31 December 2022				
	Property management and related services other than Three Supplies and Property Management RMB'000	Three Supplies and Property Management RMB'000	City services business RMB'000	Commercial operational services RMB'000	Total RMB'000
Revenue from contracts with customers	29,731,761	5,553,124	4,887,437	1,073,836	41,246,158
Recognised over time	29,145,056	5,000,259	4,486,909	983,056	39,615,280
Recognised at a point time	586,705	552,865	400,528	90,780	1,630,878
Revenue from other source	—	—	—	263,831	263,831
Rental income	—	—	—	263,831	263,831
Total segment revenue	29,731,761	5,553,124	4,887,437	1,337,667	41,509,989
Less: inter-segment revenue	(40,313)	—	(50,556)	(52,547)	(143,416)
Revenue from external customers	29,691,448	5,553,124	4,836,881	1,285,120	41,366,573
Segment results	2,726,471	57,896	741,147	284,638	3,810,152

The segment information provided to the CODM for the year ended 31 December 2022 is as follows: (continued)

	Year ended 31 December 2022				Total RMB'000
	Property management and related services other than Three Supplies and Property Management RMB'000	Three Supplies and Property Management RMB'000	City services business RMB'000	Commercial operational services RMB'000	
Share of results of investments accounted for using the equity method	19,496	13,278	1,651	—	34,425
Depreciation and amortisation charges	1,287,673	81,616	365,965	133,566	1,868,820
Net impairment losses on financial and contract assets	517,963	46,096	113,898	1,223	679,180
Impairment of goodwill and other intangible assets	1,770,415	—	—	—	1,770,415
Capital expenditure	618,556	145,437	410,564	1,200,298	2,374,855
	At 31 December 2022				
	Property management and related services other than Three Supplies and Property Management RMB'000	Three Supplies and Property Management RMB'000	City services business RMB'000	Commercial operational services RMB'000	Total RMB'000
Segment assets	53,218,453	2,763,817	5,525,944	3,239,535	64,747,749
Investments accounted for using the equity method	477,155	149,438	18,222	—	644,815
Segment liabilities	17,830,918	2,509,966	1,905,831	2,866,532	25,113,247

The segment information provided to the CODM for the year ended 31 December 2021 is as follows:

	Year ended 31 December 2021				Total RMB'000
	Property management and related services other than Three Supplies and Property Management RMB'000	Three Supplies and Property Management RMB'000	City services business RMB'000	Commercial operational services RMB'000	
Revenue from contracts with customers	19,935,694	3,729,309	4,566,039	479,655	28,710,697
Recognised over time	19,440,533	3,674,802	4,428,441	479,655	28,023,431
Recognised at a point time	495,161	54,507	137,598	—	687,266
Revenue from other source	—	—	—	174,613	174,613
Rental income	—	—	—	174,613	174,613
Total segment revenue	19,935,694	3,729,309	4,566,039	654,268	28,885,310
Less: inter-segment revenue	(5,129)	—	(37,087)	(83)	(42,299)
<b>Revenue from external customers</b>	<b>19,930,565</b>	<b>3,729,309</b>	<b>4,528,952</b>	<b>654,185</b>	<b>28,843,011</b>
<b>Segment results</b>	<b>4,506,874</b>	<b>34,815</b>	<b>704,453</b>	<b>239,004</b>	<b>5,485,146</b>

  

	Year ended 31 December 2021				Total RMB'000
	Property management and related services other than Three Supplies and Property Management RMB'000	Three Supplies and Property Management RMB'000	City services business RMB'000	Commercial operational services RMB'000	
Share of results of investments accounted for using the equity method	30,621	9,407	1,393	—	41,421
Depreciation and amortisation charges	715,636	68,285	232,194	89,026	1,105,141
Net impairment losses on financial and contract assets	181,030	3,116	1,746	2,384	188,276
Capital expenditure	147,955	151,428	230,697	1,238,488	1,768,568

The segment information provided to the CODM for the year ended 31 December 2021 is as follows: (continued)

	At 31 December 2021				Total RMB'000
	Property management and related services other than Three Supplies and Property Management RMB'000	Three Supplies and Property Management RMB'000	City services business RMB'000	Commercial operational services RMB'000	
Segment assets	<u>50,423,411</u>	<u>2,720,253</u>	<u>4,158,159</u>	<u>1,541,095</u>	<u>58,842,918</u>
Investments accounted for using the equity method	<u>273,927</u>	<u>114,904</u>	<u>8,919</u>	<u>—</u>	<u>397,750</u>
Segment liabilities	<u>15,186,014</u>	<u>2,058,589</u>	<u>1,453,133</u>	<u>1,391,606</u>	<u>20,089,342</u>

A reconciliation of segment results to profit before income tax is provided as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Segment results	<b>3,810,152</b>	5,485,146
Realised and unrealised (losses)/gains from financial assets at FVPL (note 5)	<b>(252,382)</b>	285,541
Finance costs — net	<b>(72,132)</b>	(97,848)
Profit before income tax	<b><u>3,485,638</u></b>	<u>5,672,839</u>

A reconciliation of segment assets to total assets is provided as follows:

	At 31 December	
	2022 RMB'000	2021 RMB'000
Segment assets	<b>64,747,749</b>	58,842,918
Deferred income tax assets	<b>314,715</b>	149,177
Financial assets at FVOCI	<b>4,151,610</b>	4,164,466
Financial assets at FVPL	<b>862,822</b>	3,656,197
Total assets	<b><u>70,076,896</u></b>	<u>66,812,758</u>

A reconciliation of segment liabilities to total liabilities is provided as follows:

	<b>At 31 December</b>	
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Segment liabilities	<b>25,113,247</b>	20,089,342
Convertible bonds	—	4,064,827
Deferred income tax liabilities	<b>2,104,015</b>	2,274,849
Current income tax liabilities	<b>697,069</b>	887,709
Bank and other borrowings	<b>2,253,565</b>	1,122,538
	<hr/>	<hr/>
Total liabilities	<b>30,167,896</b>	28,439,265
	<hr/>	<hr/>

**5 OTHER (LOSSES)/GAINS — NET**

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Net foreign exchange gains	<b>75,384</b>	144,909
Gains on disposal of property, plant and equipment	<b>74,010</b>	34,574
Gains on disposal of investments accounted for using the equity method	<b>22,401</b>	—
Gains/(Losses) on early termination of lease contracts	<b>2,024</b>	(22)
Negative goodwill	—	5,236
Losses on disposal of subsidiaries	<b>(84,955)</b>	(674)
Realised and unrealised (losses)/gains from financial assets at FVPL	<b>(252,382)</b>	285,541
Others	<b>49,360</b>	(17,618)
	<hr/>	<hr/>
	<b>(114,158)</b>	451,946
	<hr/>	<hr/>



## 6 EXPENSES BY NATURE

Expenses included in cost of providing services and sales of goods, selling and marketing expenses, general and administrative expenses and net impairment losses on financial and contract assets are analysed as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Employee benefit expenses	16,172,039	10,397,050
Cleaning expenses	6,144,222	4,272,847
Maintenance expenses	2,307,911	1,674,680
Depreciation and amortisation charges	1,868,820	1,105,141
Utilities	1,851,112	1,047,031
Security expenses	1,803,009	974,376
Heat supply costs	1,152,653	973,448
Cost of sales of goods	1,009,577	384,613
Greening and gardening expenses	779,868	582,198
Net impairment losses on financial and contract assets	679,180	188,276
Rental expenses for short-term and low-value leases	375,233	175,263
Office and communication expenses	335,183	250,793
Travelling and entertainment expenses	280,130	217,421
Professional service fees	247,341	205,384
Sales service expenses	213,871	114,894
Transportation expenses	200,780	175,781
Other taxes and surcharges	188,177	128,367
Advertising and promotion costs	127,722	95,773
Construction costs for infrastructures under service concession arrangements	121,874	390,688
Cost of information technology services	101,461	111,677
Community activities expenses	91,192	68,263
Bank charges	90,310	62,302
Employee uniform expenses	24,821	25,218
Auditor's remuneration		
— Annual audit and interim review services	14,150	14,250
— Non audit services	2,040	2,189
Other expenses	313,657	126,376
	<b>36,496,333</b>	<b>23,764,299</b>

## 7 FINANCE COSTS — NET

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Finance income:		
Interest income on bank deposits	<u>142,695</u>	<u>123,212</u>
Finance costs:		
Interest expense on bank and other borrowings	(70,482)	(63,232)
Borrowing costs of convertible bonds	(54,406)	(115,870)
Interest expense on lease liabilities	<u>(89,939)</u>	<u>(41,958)</u>
	<u>(214,827)</u>	<u>(221,060)</u>
Finance costs — net	<u>(72,132)</u>	<u>(97,848)</u>

## 8 INCOME TAX EXPENSE

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Current income tax — PRC		
— Provision for current income tax	<u>1,649,304</u>	<u>1,453,651</u>
Deferred income tax		
— Corporate income tax	(481,763)	(175,305)
— Withholding income tax on profits to be distributed in future	<u>56,761</u>	<u>45,040</u>
	<u>(425,002)</u>	<u>(130,265)</u>
	<u>1,224,302</u>	<u>1,323,386</u>

## 9 EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2022	2021
Profit attributable to the owners of the Company (RMB'000)	1,943,422	4,033,395
Weighted average number of ordinary shares in issue (thousands shares)	<u>3,369,141</u>	<u>3,140,705</u>
Basic earnings per share (RMB cents)	<u>57.68</u>	<u>128.42</u>

**(b) Diluted**

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. The Group has dilutive potential ordinary shares arising from the share option schemes and convertible bonds. For the share option schemes, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share. For the convertible bonds, they are assumed to have been converted into ordinary shares. Borrowing costs savings on convertible bonds are adjusted to the extent of the amount charged to the profit attributable to owners of the Company, if applicable. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and the conversion of convertible bonds. For the year ended 31 December 2022, the effect of the share options and convertible bonds were anti-dilutive and therefore not included in the calculation of the diluted earnings per share.

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
Profit attributable to the owners of the Company ( <i>RMB'000</i> )	<b>1,943,422</b>	4,033,395
Weighted average number of ordinary shares in issue ( <i>thousands shares</i> )	<b>3,369,141</b>	3,140,705
Adjustments — share option schemes ( <i>thousands</i> )	<u>—</u>	<u>10,029</u>
Weighted average number of ordinary shares for diluted earnings per share ( <i>thousands shares</i> )	<u><b>3,369,141</b></u>	<u>3,150,734</u>
Diluted earnings per share ( <i>RMB cents</i> )	<u><b>57.68</b></u>	<u>128.01</u>

**10 DIVIDENDS**

The final dividend in respect of year ended 31 December 2021 of RMB29.95 cents (equivalent to HKD35.21 cents) per share, totalling RMB1,009,078,000, has been approved at the Annual General Meeting on 27 May 2022 and has been partly settled in new shares of the Company and partly paid in cash in August 2022. The number of ordinary shares settled and issued as scrip dividends was 5,566,033 and the total amount of dividend paid as scrip dividends was RMB147,860,000 while cash dividend amounted to RMB861,218,000.

The Board of Directors recommended the cash payment of a 2022 final dividend of RMB14.40 cents per share and a special dividend of RMB22.81 cents per share, totalling RMB1,255,460,000, which has taken into account the expected issue shares. The Dividend Scheme is conditional upon the passing of the resolution relating to the payment of the final dividend at the forthcoming annual general meeting of the Company. These financial statements do not reflect this dividend payable.

## 11 INTANGIBLE ASSETS

	Software RMB'000	Contracts and customer relationships RMB'000 (a)	Insurance brokerage license RMB'000	Brand RMB'000 (a)	Concession intangible assets RMB'000	Total other intangible assets RMB'000	Goodwill RMB'000 (b)	Total RMB'000
<b>At 1 January 2021</b>								
Cost	88,842	1,581,329	28,663	193,400	94,584	1,986,818	4,364,483	6,351,301
Accumulated amortisation	(17,737)	(142,212)	(1,443)	(7,736)	(469)	(169,597)	—	(169,597)
Accumulated impairment	—	(2,861)	—	—	—	(2,861)	(2,570)	(5,431)
Net book amount	<u>71,105</u>	<u>1,436,256</u>	<u>27,220</u>	<u>185,664</u>	<u>94,115</u>	<u>1,814,360</u>	<u>4,361,913</u>	<u>6,176,273</u>
<b>Year ended 31 December 2021</b>								
Opening net book amount	71,105	1,436,256	27,220	185,664	94,115	1,814,360	4,361,913	6,176,273
Acquisition of subsidiaries	83,547	5,198,856	—	1,876,155	—	7,158,558	14,932,793	22,091,351
Other additions	154,711	—	—	—	82,838	237,549	—	237,549
Amortisation	(22,993)	(409,688)	(2,475)	(100,208)	(10,722)	(546,086)	—	(546,086)
Disposals	—	(8,603)	—	—	—	(8,603)	(5,686)	(14,289)
Closing net book amount	<u>286,370</u>	<u>6,216,821</u>	<u>24,745</u>	<u>1,961,611</u>	<u>166,231</u>	<u>8,655,778</u>	<u>19,289,020</u>	<u>27,944,798</u>
<b>At 31 December 2021</b>								
Cost	327,100	6,770,885	28,663	2,069,555	177,422	9,373,625	19,291,590	28,665,215
Accumulated amortisation	(40,730)	(551,203)	(3,918)	(107,944)	(11,191)	(714,986)	—	(714,986)
Accumulated impairment	—	(2,861)	—	—	—	(2,861)	(2,570)	(5,431)
Net book amount	<u>286,370</u>	<u>6,216,821</u>	<u>24,745</u>	<u>1,961,611</u>	<u>166,231</u>	<u>8,655,778</u>	<u>19,289,020</u>	<u>27,944,798</u>
<b>Year ended 31 December 2022</b>								
Opening net book amount	<u>286,370</u>	<u>6,216,821</u>	<u>24,745</u>	<u>1,961,611</u>	<u>166,231</u>	<u>8,655,778</u>	<u>19,289,020</u>	<u>27,944,798</u>
Acquisition of subsidiaries (note 18)	401	188,684	—	96,887	—	285,972	586,226	872,198
Other additions	211,463	68,531	—	—	116,941	396,935	—	396,935
Amortisation	(80,115)	(815,393)	(2,474)	(242,579)	(19,988)	(1,160,549)	—	(1,160,549)
Disposal of subsidiaries	—	(81,883)	—	—	—	(81,883)	(238,391)	(320,274)
Other disposals	(9,332)	—	—	—	—	(9,332)	—	(9,332)
Impairment	—	—	—	(34,877)	—	(34,877)	(1,735,538)	(1,770,415)
Closing net book amount	<u>408,787</u>	<u>5,576,760</u>	<u>22,271</u>	<u>1,781,042</u>	<u>263,184</u>	<u>8,052,044</u>	<u>17,901,317</u>	<u>25,953,361</u>
<b>At 31 December 2022</b>								
Cost	528,642	6,938,827	28,663	2,166,442	294,363	9,956,937	19,639,425	29,596,362
Accumulated amortisation	(119,855)	(1,359,206)	(6,392)	(350,523)	(31,179)	(1,867,155)	—	(1,867,155)
Accumulated impairment	—	(2,861)	—	(34,877)	—	(37,738)	(1,738,108)	(1,775,846)
Net book amount	<u>408,787</u>	<u>5,576,760</u>	<u>22,271</u>	<u>1,781,042</u>	<u>263,184</u>	<u>8,052,044</u>	<u>17,901,317</u>	<u>25,953,361</u>

Amortisation of intangible assets were charged to the following categories in the consolidated statement of comprehensive income:

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Cost of sales	<b>1,080,434</b>	523,093
General and administrative expenses	<b>80,115</b>	22,993
	<b><u>1,160,549</u></b>	<u>546,086</u>

**(a) Contracts and customer relationships and brand**

During the year ended 31 December 2022, the Group acquired several property management and other companies. Total identifiable net assets of these companies acquired as at their respective acquisition dates amounted to approximately RMB482,095,000, including identified property management contracts and customer relationships of approximately RMB188,684,000 and brand of approximately RMB96,887,000 recognised by the Group. The excess of the consideration transferred and the amount of the non-controlling interests in the acquires over the fair value of the identifiable net assets acquired amounted to approximately RMB586,226,000 is recognised as goodwill.

Valuations were performed by an independent valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited to determine the fair value of the identified contracts and customer relationships. The valuation method used is the multi-period excess earnings method. The key assumptions in determining the fair value of contracts and customer relationships are disclosed as follows:

Gross profit margin	20.7%
EBITDA margin	17.1%
Post-tax discount rate	14.9%
Expected useful lives	6 years

Valuations were performed by an independent valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited to determine the fair value of the identified brand. The valuation method used is the relief-from-royalty method. The key assumptions in determining the fair value of the brand are disclosed as follows:

Revenue growth rate	3.0%
Royalty rate	2.5%
Post-tax discount rate	14.9%
Expected useful lives	10 years

(b) **Impairment tests for goodwill arising from business combinations in prior years**

Goodwill of RMB17,315,091,000 arising from business combinations in prior years has been allocated to the respective CGUs for impairment testing. Management performed an impairment assessment on the goodwill as at 31 December 2022. The goodwill (net book amount) is allocated in CGUs as follows:

	At 31 December	
	2022	2021
	RMB'000	RMB'000
Sichuan Justbon Life Services Group Co., Ltd. ("Justbon Services")	3,588,309	4,894,887
Wealth Best Global Holdings Group Company Limited ("Wealth Best Global")	3,567,263	3,567,263
Link Joy Holdings Group Co., Ltd. ("Link Joy")	3,233,591	3,233,591
Country Garden Manguo Environmental Technology Group Co., Ltd. ("Manguo")	1,958,891	1,958,891
Caixin Smart Life Services Group Limited ("Caixin Services")	1,370,829	1,815,389
Country Garden Life Services Group Company Limited ("Life Services")	1,189,736	1,189,736
Wuhan Xueyu Yunhai Network Technology Co., Ltd. ("Wuhan Xueyu")	—	108,891
Others	2,406,472	2,520,372
	<u>17,315,091</u>	<u>19,289,020</u>

The recoverable amount of a CGU is determined based on the higher of FVLCOB and value in use FVLCOB. As at 31 December 2022, management recalculated the recoverable amounts of all CGUs. The recoverable amounts of CGUs other than Justbon Services, Caixin Services and Wuhan Xueyu CGUs were assessed to exceed their carrying amounts as at 31 December 2022.

As at 31 December 2022, according to the management's estimation of the recoverable amount of Justbon Services with the assistance of an independent valuer, which was calculated based on its value in use that was assessed to be higher than its FVLCOB, impairment of goodwill of approximately RMB1,182,086,000 was recognised for Justbon Services, resulting in a reduction in the carrying amount of the goodwill of Justbon Services to RMB3,588,309,000. As at 31 December 2022, according to the management's estimation of the recoverable amount of Caixin Services with the assistance of an independent valuer, which was calculated based on its value in use that was assessed to be higher than its FVLCOB, impairment of goodwill of approximately RMB444,561,000 were recognised for Caixin Services, resulting in a reduction in the carrying amount of goodwill of Caixin Services to RMB1,370,829,000.

In the year ended 31 December 2022, management decided to withdraw from several property management subsidiaries and several property management projects of Justbon Services and Caixin Services as the profit margin and property management fee collection rate of these companies were less than expected. Also, due to the negative impact brought by the COVID-19 pandemic, additional pandemic prevention expenses were incurred and certain value-added services were difficult to conduct during the COVID-19 pandemic lockdown, which had a negative impact on the revenue and profit of Justbon Services and Caixin Services for the year ended 31 December 2022. In addition, the pre-tax discount rate used in the goodwill impairment test increased as a result of the increase of risk-free interest rate as well as the specific risk premium, leading to a further decrease of value in use of Justbon Services and Caixin Services as at 31 December 2022.

**(b) Impairment tests for goodwill arising from business combinations in prior years (continued)**

As at 31 December 2022, management reassessed the key assumptions for impairment testing of goodwill of Wuhan Xueyu and considered that the deterioration of its business performance would remain for a longer period of time. According to the management's estimation of the recoverable amount of Wuhan Xueyu based on its income approach income that was assessed to be higher than its FVLCOD, then the estimate of recoverable amount will be based on the conclusion of the income approach. Impairment of goodwill and brand of approximately RMB108,891,000 and RMB34,877,000 were recognised for Wuhan Xueyu, respectively, resulting in a reduction in the carrying amount of the goodwill and brand of Wuhan Xueyu to nil.

As at 31 December 2022, management reassessed the key assumptions for impairment testing of goodwill of the other CGUs. Based on the assessment, the Group considered that no additional impairment of goodwill was required.

**(c) Impairment tests for goodwill arising from business combinations in the current year**

Goodwill of RMB586,226,000 has been allocated to the CGUs of the subsidiaries acquired during the year for impairment testing. Management performed an impairment assessment on the goodwill prior to the year end. The recoverable amounts of these subsidiaries are determined based on higher of FVLCOD and value in use.

The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Revenue growth rate during the projection period	3.0%
Gross profit margin during the projection period	26.2%–45.3%
EBITDA margin during the projection period	18.6%–35.8%
Terminal growth rate	3.0%
Pre-tax discount rate	17.7%

Based on management's assessment on the recoverable amounts of the subsidiaries acquired during the year, no impairment provision was considered necessary to provide as at 31 December 2022.

(d) A segment-level summary of the goodwill allocation

	At 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Property management and related services other than Three		
Supplies and Property Management business	<b>15,053,738</b>	16,441,441
Three Supplies and Property Management business	<b>3,465</b>	3,465
City services business	<b>2,365,273</b>	2,365,273
Commercial operational services business	<b>478,841</b>	478,841
	<b>17,901,317</b>	19,289,020

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Listed equity securities	<b>29,225</b>	130,759
Unlisted equity investments	<b>4,122,385</b>	4,033,707
	<b>4,151,610</b>	4,164,466

The investments mainly represent equity investments in several property management companies. The fair values of these investments were determined mainly based on direct comparison approach by making reference to quoted market price or recent transaction prices of similar deals.



### 13 TRADE AND OTHER RECEIVABLES

	At 31 December	
	2022	2021
	RMB'000	RMB'000
Current assets:		
Trade receivables (a)		
— Related parties	1,731,344	882,225
— Third parties	14,224,776	9,686,278
	<u>15,956,120</u>	<u>10,568,503</u>
Less: allowance for impairment of trade receivables	(597,998)	(280,150)
	<u>15,358,122</u>	<u>10,288,353</u>
Other receivables		
— Payments on behalf of property owners	766,890	555,326
— Deposits	1,079,519	513,765
— Loans to third parties pledged by equities (b)	2,693,660	2,328,928
— Receivables from finance leases	14,266	—
— Others (c)	974,680	859,763
	<u>5,529,015</u>	<u>4,257,782</u>
Less: allowance for impairment of other receivables	(334,077)	(68,885)
	<u>5,194,938</u>	<u>4,188,897</u>
Prepayments to suppliers		
— Related parties	7,654	5,309
— Third parties	1,364,980	973,604
	<u>1,372,634</u>	<u>978,913</u>
Prepayments for tax	220,448	121,721
	<u>22,146,142</u>	<u>15,577,884</u>
Non-current assets:		
Other receivables		
— Receivables from finance leases	246,603	—

As at 31 December 2022, most of the trade and other receivables were denominated in RMB, and the fair value of trade and other receivables approximated their carrying amounts.

- (a) Trade receivables mainly arise from property management services income under lump sum basis, value-added services to non-property owners, heat supply services, city services and commercial operational services.

Property management services income under lump sum basis, heat supply services income and commercial operational services income are received in accordance with the terms of the relevant service agreements. Service income from property management services and heat supply services are due for payment by the residents upon the issuance of demand note.

For value-added services to non-property owners and city services, customers are generally given a credit term of up to 90 days.

The aging analysis of the gross trade receivables based on invoice date was as follows:

	<b>At 31 December</b>	
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
0–180 days	<b>11,779,462</b>	7,746,716
181–365 days	<b>2,091,517</b>	1,577,206
1 to 2 years	<b>1,699,600</b>	1,069,344
2 to 3 years	<b>270,136</b>	104,944
Over 3 years	<b>115,405</b>	70,293
	<b><u>15,956,120</u></b>	<u>10,568,503</u>

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2022, a provision of RMB597,998,000 (2021: RMB280,150,000) was made against the gross amounts of trade receivables.

- (b) The Group provided short-term loans to third parties pledged by equity interests of property management companies in the PRC held by the corresponding parties. The loans to third parties bear interest rate at 6% to 15% per annum. These loans have a term of 2 to 12 months. The reason for the Group to provide such loans to the third parties is for potential acquisitions of equity interests of property management companies.
- (c) These receivables mainly included current accounts due from third parties, which are mainly interest-free, unsecured and repayable according to contract terms.

#### **14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>At 31 December</b>	
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Wealth management products (a)	<b>569,162</b>	3,100,853
Investment in a fund (b)	<b>293,660</b>	529,092
Listed equity security	<b>—</b>	26,252
	<b><u>862,822</u></b>	<u>3,656,197</u>

- (a) The Group invested in various wealth management products. These products have a term of 3 to 5 years. They have an expected return rate ranging from 3.02% to 4.85%. The fair values of these investments were determined based on the expected returns as stipulated in relevant contracts with the counterparties.
- (b) This represented the Group's investment in a fund. The fair value of this investment was determined based on the valuation report provided by the fund manager.

## 15 SHARE CAPITAL AND SHARE PREMIUM

	Note	Number of shares	Nominal value of shares	Equivalent nominal value of shares RMB'000	Share premium RMB'000	Total RMB'000	Treasury Shares RMB'000	Total RMB'000
<b>Authorised</b>								
Increase in authorised share capital of USD0.0001 each		10,000,000,000	1,000,000					
<b>At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022</b>								
		<b>10,000,000,000</b>	<b>1,000,000</b>					
<b>At 1 January 2021</b>		2,932,373,600	293,237	1,875	8,359,727	8,361,602	—	8,361,602
Employee share scheme — exercise of options		58,545,400	5,854	36	971,059	971,095	—	971,095
Placing of shares		289,380,000	28,938	185	15,100,125	15,100,310	—	15,100,310
Issuance of shares as a result of scrip dividend		394,682	39	—	26,080	26,080	—	26,080
Buy-back of shares		—	—	—	—	—	(594,070)	(594,070)
Cancellation of shares		(12,282,000)	(1,228)	(8)	(594,062)	(594,070)	594,070	—
Conversion of convertible bonds		97,656,221	9,766	63	3,337,534	3,337,597	—	3,337,597
<b>At 31 December 2021</b>		<b>3,366,067,903</b>	<b>336,606</b>	<b>2,151</b>	<b>27,200,463</b>	<b>27,202,614</b>	<b>—</b>	<b>27,202,614</b>
<b>At 1 January 2022</b>		<b>3,366,067,903</b>	<b>336,606</b>	<b>2,151</b>	<b>27,200,463</b>	<b>27,202,614</b>	<b>—</b>	<b>27,202,614</b>
Employee share scheme — exercise of options	(a)	2,451,000	245	2	2,642	2,644	—	2,644
Issuance of shares as a result of scrip dividend (note 10)		5,566,033	557	4	147,856	147,860	—	147,860
Buy-back of shares	(b)	—	—	—	—	—	(82,050)	(82,050)
Cancellation of shares	(b)	(3,140,000)	(314)	(2)	(82,048)	(82,050)	82,050	—
Consideration issue	(c)	2,182,454	218	2	58,844	58,846	—	58,846
<b>At 31 December 2022</b>		<b>3,373,127,390</b>	<b>337,312</b>	<b>2,157</b>	<b>27,327,757</b>	<b>27,329,914</b>	<b>—</b>	<b>27,329,914</b>

- (a) During the year ended 31 December 2022, the Company issued 2,451,000 shares as a result of the exercise of share options by 2 employees, which were granted under the pre-listing share option scheme adopted by the Company in 2018, and raised net proceeds of approximately HKD2,304,000 (equivalent to approximately RMB1,875,000) in total; in addition, the related share-based payments reserve of RMB769,000 was transferred to the share premium account as a result of the above exercise of the options.
- (b) During the year ended 31 December 2022, the Company bought back and cancelled a total of 3,140,000 shares. The buy-back and cancellation were approved by shareholders at the annual general meeting on 27 May 2022. The total consideration paid to buy back these shares was RMB82,050,000, which has been deducted from equity attributable to the owners of the Company. The shares were acquired at a weighted average price of HKD31.66 per share, with prices ranging from HKD20.50 to HKD43.75.
- (c) On 20 May 2022, the Company issued 2,182,454 consideration shares to the third parties for the acquisition of Everjoy Services Company Limited (“Everjoy Services”).

16 TRADE AND OTHER PAYABLES

	At 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables		
— Related parties	84,072	43,342
— Third parties	5,892,499	4,451,055
	<u>5,976,571</u>	<u>4,494,397</u>
Other payables		
— Deposits	2,167,900	1,785,935
— Temporary receipts from properties owners	2,996,335	2,992,989
— Considerations payable for business combinations	325,800	520,455
— Accruals and others	1,295,274	1,239,405
	<u>6,785,309</u>	<u>6,538,784</u>
Contingent considerations for business combinations	269,361	319,939
Payroll payables	3,138,169	2,551,125
Other taxes payables	695,708	508,696
	<u>16,865,118</u>	<u>14,412,941</u>

As at 31 December 2022, the carrying amounts of trade and other payables approximated their fair values.

The aging analysis of trade payables based on the invoice date was as follows:

	At 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Up to 1 year	5,550,167	4,375,113
1 to 2 years	366,965	96,322
2 to 3 years	50,277	16,735
Over 3 years	9,162	6,227
	<u>5,976,571</u>	<u>4,494,397</u>

## 17 BANK AND OTHER BORROWINGS

	<b>At 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	<b>RMB'000</b>
Non-current liabilities:		
— secured	<b>1,015,814</b>	442,175
— unsecured	<b>115</b>	—
	<b>1,015,929</b>	442,175
Included in current liabilities:		
— secured	<b>1,234,636</b>	680,363
— unsecured	<b>3,000</b>	—
	<b>1,237,636</b>	680,363
Total bank and other borrowings	<b>2,253,565</b>	1,122,538

The Group's borrowings as at 31 December 2022 of RMB2,250,450,000 (2021: RMB1,122,538,000) were mainly secured by certain transportation equipment of the Group with net book amount of RMB86,757,000 (2021: RMB97,055,000) and pledged by rights of collection of several city service projects and certain equity interests of subsidiaries of the Group.

As at 31 December 2022, the Group's bank and other borrowings were repayable as follows:

	<b>At 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	<b>RMB'000</b>
Within 1 year	<b>1,237,636</b>	680,363
Over 1 year and within 2 years	<b>84,133</b>	49,325
Over 2 years and within 5 years	<b>64,738</b>	29,800
Over 5 years	<b>867,058</b>	363,050
	<b>2,253,565</b>	1,122,538

The weighted average effective interest rate for the year ended 31 December 2022 was 4.88% (2021: 4.99%) per annum.

The carrying amounts of the bank and other borrowings are denominated in RMB.

The carrying amount of the current borrowings approximate their fair value, as the impact of discounting using a current borrowing rate is not significant.

## 18 BUSINESS COMBINATIONS

In March 2022, the Group has acquired 100% equity interest in Everjoy Services from third parties at a fixed cash consideration of RMB912,411,000, a contingent cash consideration not exceeding RMB35,422,000 and 2,182,454 consideration shares. Besides, the Group conditionally agreed to pay up to RMB720,000,000 and RMB1,571,440,000 for the projects in transit and injected projects in future, respectively, which are subject to further negotiation.

The Group also acquired several other property management and media companies from third parties during the period at an aggregate fixed cash considerations of RMB41,254,000 and a contingent cash consideration not exceeding RMB3,035,000. The above acquired companies have been accounted for as subsidiaries of the Group since their respective acquisition dates. Details of the purchase considerations, the net assets acquired and goodwill are as follows:

	<b>Everjoy Services RMB'000</b>	<b>Others RMB'000</b>	<b>Total RMB'000</b>
Total purchase considerations			
— Fixed cash considerations	<b>912,411</b>	<b>41,254</b>	<b>953,665</b>
Settled in 2022	<b>912,411</b>	<b>38,027</b>	<b>950,438</b>
Outstanding as at 31 December 2022	<b>—</b>	<b>3,227</b>	<b>3,227</b>
— Consideration shares	<b>58,846</b>	<b>—</b>	<b>58,846</b>
— Estimated contingent considerations	<b>35,422</b>	<b>3,035</b>	<b>38,457</b>
Outstanding as at 31 December 2022	<b>35,422</b>	<b>3,035</b>	<b>38,457</b>
	<b><u>1,006,679</u></b>	<b><u>44,289</u></b>	<b><u>1,050,968</u></b>

Total recognised amounts of identifiable assets acquired and liabilities assumed are as follows:

	Everjoy Services RMB'000	Others RMB'000	Total RMB'000
— Property, plant and equipment	9,151	941	10,092
— Other right-of-use assets	6,004	2,089	8,093
— Other intangible assets (note 11)	285,731	241	285,972
Identified contracts and customer relationships and brand	285,571	—	285,571
Software	160	241	401
— Investments accounted for using the equity method	—	1,605	1,605
— Inventories	1,060	248	1,308
— Trade and other receivables	1,058,068	17,869	1,075,937
— Cash and cash equivalents	67,175	42,708	109,883
— Contract liabilities	(330,781)	(5,401)	(336,182)
— Lease liabilities	(6,004)	(2,089)	(8,093)
— Trade and other payables	(536,455)	(21,699)	(558,154)
— Current income tax liabilities	(35,466)	(1,507)	(36,973)
— Deferred income tax liabilities	(71,393)	—	(71,393)
Total identifiable net assets	447,090	35,005	482,095
Non-controlling interests	(973)	(16,380)	(17,353)
Goodwill	560,562	25,664	586,226
	<b>1,006,679</b>	<b>44,289</b>	<b>1,050,968</b>
Outflow of cash to acquire business, net of cash acquired:			
Partial settlement of cash considerations	912,411	38,027	950,438
Less: Cash and cash equivalents in the subsidiaries acquired	(67,175)	(42,708)	(109,883)
Payments in the previous year	(202,292)	—	(202,292)
Net cash outflow on acquisitions	<b>642,944</b>	<b>(4,681)</b>	<b>638,263</b>

- (a) Other intangible assets including identified property management contracts and customer relationships and brand amounting to RMB285,571,000 in relation to the acquisitions have been recognised by the Group (note 11).
- (b) The goodwill arose from the acquisitions was mainly attributable to the expected synergies from combining the operations of the Group and the acquired entities.
- (c) The acquired businesses contributed total revenues of RMB876,025,000 and net profits of RMB90,699,000 to the Group for the period from their respective acquisition dates to 31 December 2022. Had these companies been consolidated from 1 January 2022, the consolidated statements of comprehensive income would show pro-forma revenue of RMB41,590,513,000 and net profit of RMB2,278,761,000.

## 19 FINANCIAL GUARANTEE

Caixin Services, a subsidiary of the Company, was acquired by the Group from its original shareholder, Chongqing Caixin Group Co., Ltd. (“**Caixin Group**”), on 30 September 2021 (the “**Acquisition Date**”). In late August 2022, certain bank accounts of Caixin Services were frozen judicially, in light of the fact that Caixin Services provided joint and several guarantee obligations to a trust financing arrangement of Caixin Group prior to the Acquisition Date. The Company was informed by Caixin Group and validated the existence of this obligation after the incident happened.

According to the information subsequently obtained, in addition to the pledge of the equity interest of a subsidiary held by Caixin Group, the debts were also secured by another eight guarantors, including: (1) one guarantor providing guarantees by way of asset pledge; and (2) the other seven entities (including Caixin Services) providing joint and several guarantee obligations. As at 31 December 2022, the guarantee amount in relation to the debts was approximately RMB770 million.

Management of the Company represents that: (1) the Caixin Group confirms that, apart from this, Caixin Services provided no other external guarantees prior to the acquisition date; (2) the normal operation of Caixin Services has not been materially and adversely affected; (3) since the engagement with and acquisition of Caixin Services by the Group, Caixin Group has disclosed and undertaken that the guarantee did not exist during the course of due diligence and negotiation of the acquisition agreement, which, at present, is in violation of the relevant covenants and undertakings under the acquisition agreement; (4) the Company has actively taken legal proceedings, to protect the Company's legitimate rights and interests. As at 31 December 2022, the amount of restricted bank deposits in the frozen bank accounts of Caixin Services was RMB5,385,000. As at 31 December 2022, the Group has assessed that the expected credit losses for the financial guarantee and accordingly made a provision of RMB6,598,000. When estimating the expected credit loss of the financial guarantee, management applied estimation under various scenarios of repayment orders after taking into account lawyer's opinion.



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is a leading integrated service provider in the PRC covering diversified business forms. Our business covers many business forms, including services to residential properties, commercial properties, office buildings, industrial parks, multi-purpose complexes, government buildings, hospitals, schools and other public facilities, such as airport terminals, highway service stations and cultural scenic areas. We have won industry-leading customer satisfaction and brand reputation with quality services, as well as gained high recognition in a number of sub-segments of the industry. We have ranked among the “Top 100 Property Management Companies in China in 2022” (2022年中國物業服務百強企業) granted by China Index Academy; “Top 10 among Listed Property Companies in China in terms of Operation Capabilities in 2022” (2022年中國上市物業企業經營能力十強) granted by YIHAN (億翰智庫); and were awarded “Quality Service System of Property Management Services Companies in 2022” (2022年物業服務企業優質服務體系) and “Leading Companies in Property Management Services Satisfaction in 2022” (2022年物業服務滿意度領先企業) granted by Shanghai E-House Real Estate Research Institute, etc. We are highly recognized in the international capital market continuously. We were included in the Hang Seng China Enterprises Index as a constituent on 15 March 2021 and in the Hang Seng Index as a constituent on 7 June 2021.

The major business sectors of the Group include (i) property management services, (ii) community value-added services, (iii) value-added services to non-property owners, (iv) the “Three Supplies and Property Management” businesses, (v) city services, and (vi) commercial operational services, which constitute part of our comprehensive services we provide to customers that cover the full range of the value chain in property management.

#### Property Management Services

We provide property owners, residents and property developers with a series of property management services, including security, cleaning, green landscaping, gardening, repair and maintenance, and other services. The property management services is our fundamental business. During the Year, the revenue from property management services was approximately RMB22,855.6 million, representing an increase of approximately 65.7% compared to the same period last year, and its percentage of total revenue further increased to 55.3%, representing an increase of 7.5 percentage points compared to the same period last year.

The scale and nationwide geographical coverage of the property management business of the Group expanded stably. As at 31 December 2022, apart from the “Three Supplies and Property Management” businesses, our contracted GFA was approximately 1,601.9 million sq.m., and our revenue-bearing GFA was approximately 869.1 million sq.m.. In addition, the revenue-bearing GFA and contracted GFA of the property management services of the “Three Supplies and Property Management” businesses were approximately 88.1 million sq.m. and approximately 92.9 million sq.m., respectively. Our projects cover more than 400 cities in 31 provinces, municipalities, autonomous regions in Mainland China and the Hong Kong Special Administrative Region and overseas, with a focus on five key economically developed city clusters, including the Pearl River Delta, the Yangtze River Delta, the middle reaches of the

Yangtze River, the Beijing-Tianjin-Hebei Region and the Chengdu-Chongqing Region in China. The percentage of the revenue-bearing GFA of projects in first- and second-tier cities was approximately 43%. We manage a total of 6,601 property projects and provide property management services to approximately 8.41 million domestic and overseas property owners and merchants.

We focused on the organic growth of property management services and maintained industry competitiveness in terms of brand expansion. During the Year, the number of newly signed brand expansion projects reached 1,626, with a newly added annualised saturated revenue of approximately RMB4,904 million, fully proving our brand expansion ability in the market. We focused on existing market development, deepening the market in the third-, fourth-, and fifth-tier cities by extending marketing networks to cover low-tier cities on the one hand, deepening the existing market of first- and second-tier cities through product innovation on the other hand. We are also actively exploring in the non-residential properties business, promoting the expansion of commercial properties, cultural tourism, public buildings and other properties, and have successively implemented property management services of key projects including the Chongqing Municipal Government, China International Exhibition Center (Chaoyang Pavilion), Xi'an Qianhai Life Insurance Financial Center, and Tianjin Teda Fashion Shopping Center.

### **Community Value-added Services**

We are committed to becoming an “integrated whole-cycle community life services operator”. By focusing on the family growth cycle of property owners, the property value cycle and the mature development cycle of communities, we strive to provide property owners with comprehensive community life services to meet their needs for asset value preservation and appreciation and in daily living, so as to enable property owners to experience the beauty of property management services. By building a professional team, expanding resource integration capability, collaborating with strong partners from various industries and leveraging our natural advantage as a property management service provider of close proximity to community scenarios, we are promoting the professional and market-oriented development of community value-added services in wider areas across China. During the Year, the Group’s revenue from community value-added services was approximately RMB4,017.5 million, representing an increase of approximately 20.7% compared to the same period last year.

Six major businesses have formed in our community value-added services sector: (i) home services — providing property owners with safe, convenient, professional and considerate full-range home services through a standardized operation system; (ii) home decoration services — integrating resources from well-known home decoration brands to provide one-stop home decoration services; (iii) community media services — establishing deep connection between consumers and brands through the community media matrix; (iv) local life services — setting up local consumption scenarios for customers and continuously adapting to the needs of property owners to customize diversified life services; (v) real estate brokerage services — serving the needs of property owners for asset management and further developing second-hand property rental and sale; and (vi) community area services — making full use of community space resources and carrying out business with the aim of providing convenience to the life of property owners and improving their sense of happiness in their living.

We focused on providing value-added community services as well as expanding our “Quarter-hour Convenient Living Circle”, striving to create a convenient experience of living a good life “at their fingertips” for our residents by deploying the last-kilometer community convenience terminals known as “Downstairs Heartfelt Choice (樓下心選)”. We have taken advantage of our community stores, focusing on 22 key cities to develop our laundry business, strategically partnering with 41 high-quality central laundry factories, opening over 300 laundry collection stores, providing laundry services to over 150,000 property owners, and over 2 million pieces of laundry were cleaned annually. We actively incubated new businesses and collaborated with partners including Shell on the construction of new energy vehicle charging infrastructure and community charging services to provide “convenient, reliable, safe and green” charging services in communities and build “low-carbon communities”.

During the Year, the revenue from real estate brokerage services increased by 54.0% compared to the same period last year to approximately RMB388.3 million; the revenue from home services increased by approximately 32.6% compared to the same period last year to approximately RMB487.7 million; the revenue from local life services increased by approximately 28.7% compared to the same period last year to approximately RMB1,422.3 million; the revenue from home decoration services increased by approximately 5.6% compared to the same period last year to approximately RMB425.2 million; the revenue from community media services decreased by approximately 0.9% compared to the same period last year to approximately RMB969.3 million.

### **Value-added Services to Non-Property Owners**

During the Year, the revenue from value-added services to non-property owners was approximately RMB2,664.7 million, which further decreased to approximately 6.4% of the total revenue of the Group. The value-added services we provide to non-property owners mainly include (i) management consultancy services to property developers for their presale activities, as well as consultancy services for properties managed by other property management companies, (ii) cleaning services, green landscaping, repair and maintenance services to property developers at the pre-delivery stage, (iii) sales and leasing agency services of unsold parking spaces and properties, and (iv) elevator products installation, supporting services and other services.

### **“Three Supplies and Property Management” Businesses**

The Group established a non-wholly owned subsidiary in 2018 and began to undergo the separation and transfer of property management and heat supply under “Three Supplies and Property Management” reform. As at 31 December 2022, the revenue-bearing GFA and contracted GFA of the property management services of the “Three Supplies and Property Management” businesses were approximately 88.1 million sq.m. and approximately 92.9 million sq.m., respectively. During the Year, the revenue from the property management business was approximately RMB4,117.8 million, and the revenue from the heat supply business was approximately RMB1,435.3 million.

After five years of development and integration, we entered a new stage of development for overall management improvement with our partners. We actively expanded new markets and new business forms and adhered to diversified development, and have formed a management project layout covering a wide range of industries including residential, office, industrial, school, hospital, restaurant, and rail transportation, laying a solid foundation for long-term sustainable development in the future. In terms of corporate logistics services, we signed strategic cooperation agreements with a number of partners during the Year, and actively launched the deployment and practice of corporate business in areas such as office parks, industrial parks, production plants, warehousing and logistics, equipment maintenance and vehicle services. In terms of community life services, by focusing on “goods to home”, “services to home” and “safety to home”, we created a 24-hour living chain and a 15-minute convenient living circle for property owners based on community resources, making full use of our flexible service system and network to build a local life service platform.

### **City Services**

The Group is a leading provider of integrated public services in the PRC. We adhere to our strategy of focusing on new urbanization. With “improving services and environment to benefit business and people” as core value, we actively seized the demand for refined city management reform and digital integration of public services based on the high quality development of cities. Driven by market demand and core technologies, on the basis of sharing with ecological partners through resource platforms and with the balance between the comprehensive benefits and long-term benefits of “government-driven” public services in mind, the Group launched the City Co-existence Programme 2.0 as part of our city services by leveraging the resource advantage of our own whole industry chain to provide cities with full-scenario digital solutions for city operation, including smart operation of municipal services, refined city services, long-term management of old communities, city public resources and assets operation, and modern community governance.

During the Year, our city services recorded revenue of approximately RMB4,836.9 million, covering over 150 cities. We have made a breakthrough in the greater city property management model. The Group has successfully won the tender for entering into contracts for a number of urban integrated service projects in Changzhou, Jiangsu Province, Foshan, Guangdong Province, Nanning, Guangxi Province and Bengbu, Anhui Province. We take the reform concept of “greater city property management” as a city-wide governance change, with digital construction as the center, to realize from one screen of management to business operation to scenario operation, to create an integrated service city operation model. In particular, since the establishment of greater city property management project in Lecong Town, Foshan, Guangdong Province, it has been well received by the local government and citizens, effectively improving the standard of urban governance and supporting the high-quality development of the city. In terms of market expansion, we have successfully expanded 175 projects, strategically focusing on core tracks such as municipal public services, industrial park operations, urban space operations, school services and medical logistics, and have successfully expanded key projects including Chongqing Xiyong Microelectronics Industrial Park, TCL Industrial Park, Zhengzhou East Railway Station, Shenzhen Airport, China University of Petroleum and Shanghai 411 Hospital.

## Commercial Operational Services

The Group provides shopping malls, neighborhood commercial centers, office buildings and other projects with full-chain services such as business planning consulting, tenant sourcing, operation and planning services, mainly including (i) conducting commercial operation and management of the properties owned by leasing developers or property owners; (ii) providing property market research and positioning services to property developers at the investment stage; (iii) providing market research and positioning, business planning consulting, tenant solicitation and opening preparation services to property developers or owners at the preparation stage before the opening of the properties; and (iv) providing tenant solicitation, operation and management services to property owners or tenants at the stage of property operation. During the Year, the Group's commercial operational services segment recorded a revenue of approximately RMB1,285.1 million, representing an increase of approximately 96.5% compared to the same period last year.

Our commercial operational services have established a diversified product line to meet the commercial development needs of different tiers of cities, including city-grade full-service shopping mall “Bele city” (碧樂城), regional shopping mall “Bele One” (碧樂匯) and community neighbourhood commercial center “Bele time” (碧樂時光). We have established presence in more than 60 cities, with over 130 commercial projects and over 2,000 brand partners. Relying on our mature product line system and full-chain commercial operation management system to accelerate our nationwide expansion, we made breakthroughs in the expansion of light assets in our incremental projects and successfully signed 35 quality light asset projects during the Year, including Nantong Haimen Bele One (南通海門碧樂匯), Huizhou Boluo Bele One (惠州博羅碧樂匯), Nantong Chongzhou Bele One (南通崇州碧樂匯) and Yangzhou Yizheng Bele One (揚州儀征碧樂匯), and continued to increase the proportion of marketable projects. We achieved phased growth in the scale of our existing business, with 8 new projects opened during the Year, including Shaoguan Sun City Bele time (韶關太陽城碧樂時光), Guangzhou Panyu Bele time (廣州番禺碧樂時光), Liyue Li Shopping Mall (里悅里購物中心) and Guiyang Guanshan Lake Bele time (貴陽觀山湖碧樂時光), bringing a warmer and more efficient commercial experience to the public.

## **PROSPECTS AND FUTURE PLANS**

### **Improving customer experience and exploring better lifestyles for property owners**

In the post-pandemic era, the residents' demand for property services has also undergone profound changes, with the creation of a stable, safe, comfortable and healthy living environment becoming a necessary demand and trend. CG Services always attaches importance to customer needs, and customer experience has become the core driving force of progress for CG Services. We have set up the first customer experience research institute in the industry to gain insight into the trends of social development and tenants' living needs, and to focus our various resources on solving customers' needs or issues in a targeted manner. Taking the innovation of the elderly care model as an example, against the backdrop of the intensifying problem of the ageing population, elderly care services have become an important way for China to actively cope with the ageing of the population.

We will continue to explore new models of community elderly care, further develop the "property + elderly care" model, and promote the wider implementation of the "Yiran Five-Star Elderly Service System" pilot scheme to provide diversified and multi-layer home and community elderly care services for the elderly in the community to enable the elderly in the community to easily enjoy a high-quality life in their twilight years. In the future, CG Services will make its services better and more refined, and, on the basis of its insight into the needs of the country and its customers, respond more proactively and quickly to the changing needs of society and the country, contribute its own wisdom and strength to the construction of a new pattern of grassroots governance for the joint construction, joint governance and sharing, and create greater value to help people achieve a better life.

### **Digitalisation empowering management, and being "customer-oriented" to build smart properties**

The digital transformation of property services is accelerating. Based on the continuous growth of management scale, changing customer needs and the in-depth development of the business, the technological challenges for property management enterprises are becoming greater and greater and the pressure on R&D organisations is gradually increasing, and a strong technology central platform, including data, algorithms and security management, is becoming more and more important. The digitalisation process of CG Services focuses on construction of core capabilities in three areas: firstly, focusing on customer experience; secondly, leveraging on data to make operation process more and more transparent and focusing on improvement in overall operation efficiency; and thirdly, leveraging on digital and data sharing to support overall business innovation and to realise the changes in community-ecology-based business models.

In terms of operating efficiency, we focus on the enhancement of the level of automation and intelligence in and between the links of business processes to achieve improvement in overall operating efficiency. We expect that in the future, under the application of digitalisation and the linkage of intelligence, we will be able to achieve the purpose of cost reduction and efficiency improvement and continuous upgrading of service quality. We will continue to make use of digitalisation to drive the improvement and upgrading of our service products, increase investment in research capital and manpower to build up our technological capabilities in the context of property management, and through iteration and upgrading of digital technology, enable all individuals involved in property services to enjoy the convenient experience brought by digital intelligence, and jointly promote the transformation of traditional property services into modern properties.

## **Further enhancing business scale and improving the operational capability to promote high-quality development of commercial and office building business**

We continue to focus on commercial and office building business, and have successively won the bids for projects of central enterprises, state-owned enterprises, leading enterprises in the industry, top 500 enterprises and in the related industrial chain both upstream and downstream. In addition, by strengthening the strategic layout in key cities, we have built innovative commercial and office building service carriers together with government, enterprises, institutions and local city investment companies, setting up joint ventures, such as Bishang Chengdu (碧商成都), Nanjing Bishang Yueji (南京碧商悦集), Tianjin Bishang Zhongruicheng (天津碧商中瑞程), which have collected the resource advantages from all parties to jointly secure high-quality market projects, including Shanghai Changyang Chuanggu Industrial Park (上海長陽創穀產業園), Tianjin City Investment Building (天津城投大廈), Beijing Ruidu International Commercial Plaza (北京瑞都國際商業廣場) and so on.

In the future, CG Services will further define the commercial and office building business as an important component of Group's businesses strategy. We will continue to promote the operation and management to realise high-quality development of projects around operation capabilities, service capabilities and guarantee capabilities, and further enhance the comprehensive competitiveness of large-scale equity companies and key commercial and office building projects; set up an excellent benchmark for commercial and office building projects, upgrade and refine the standards of commercial and office building service, explore the value-added service opportunities in the context of commercial and office buildings, improve the customers' business space experience, and help customers to preserve and increase the value of their assets.

## **Exploring extension of property management service boundaries to construct a vertical professional service value chain**

Under the background of greater property management, property management services, evolving from the management of properties to the management of people, and further to the management of the ecology of the cities, are undergoing profound changes in terms of the scope, target, and content of services and further extending to property owners and assets. Our in-depth vertical deployment includes community media, real estate brokerage services, commercial operational services, community insurance, professional pest control and elimination, elevator maintenance, and other professional service divisions.

In the future, CG Services will adhere to the new demand-oriented service reconstruction, and empower property management by utilizing new technology, new services, new ecology, and new values, while reconstructing and designing our own greater property management services by focusing on customers. We will constantly explore more advanced and comprehensive greater information management services, such as areas in facility management, asset management, and technology. We will also vertically build a professional service value chain, constantly enhance our core competitiveness within the industry, integrate and build more comprehensive professional capabilities, carry out in-depth integration and resource coordination, and strive to promote professional services to a broader market.

## FINANCIAL REVIEW

### Revenue

The Group's revenue is mainly derived from (i) property management services, (ii) community value-added services, (iii) value-added services to non-property owners, (iv) "Three Supplies and Property Management" businesses, (v) city services and (vi) commercial operational services. For the year ended 31 December 2022, the total revenue increased by approximately 43.4% to approximately RMB41,366.6 million from approximately RMB28,843.0 million for the year ended 31 December 2021.

#### (I) *Property management services*

During the Year, the revenue from property management services increased by approximately 65.7% to approximately RMB22,855.6 million from approximately RMB13,793.9 million for the year ended 31 December 2021, accounting for approximately 55.3% of the total revenue (for the same period in 2021: approximately 47.8%).

The table below sets out the breakdown of our revenue generated from the management of properties developed by the CGH Group and independent third-party property developers respectively, as at the years indicated:

	<b>For the year ended 31 December 2022</b>		<b>For the year ended 31 December 2021</b>	
	<b>Revenue</b>		<b>Revenue</b>	
	<b>(RMB'000)</b>	<b>(%)</b>	<b>(RMB'000)</b>	<b>(%)</b>
Properties developed by the CGH Group ( <i>Note 1</i> )	<b>9,562,868</b>	<b>41.8</b>	7,618,714	55.2
Properties developed by independent third-party property developers	<b>13,292,734</b>	<b>58.2</b>	6,175,139	44.8
<b>Total</b>	<b>22,855,602</b>	<b>100.0</b>	13,793,853	100.0

*Note 1:* Properties developed by Country Garden Holdings Company Limited ("CG Holdings" or "CGH") and its subsidiaries, joint ventures and associates independently or jointly with other parties.



The revenue-bearing GFA increased by approximately 103.4 million sq.m. from approximately 765.7 million sq.m. for the same period in 2021 to approximately 869.1 million sq.m., mainly due to: (i) the conversion of the reserved GFA of the Group into revenue-bearing GFA during the Year; and (ii) the increase in the revenue-bearing GFA of the Group as a result of its acquisitions of relatively large property management companies including Everjoy Services during the Year. At the same time, the growth rate of the market expansion business was, to a certain extent, constrained by the sharp decrease in incremental market, the downturn of the macroeconomy and a precipitous fall in the real estate market, as well as the recurrence of the COVID-19 pandemic.

## **(II) *Community value-added services***

During the Year, the revenue from community value-added services increased by approximately 20.7% to approximately RMB4,017.5 million from approximately RMB3,327.6 million for the year ended 31 December 2021, accounting for approximately 9.7% of the total revenue (for the same period in 2021: approximately 11.5%).

The increase in revenue from community value-added services was mainly attributable to:

- (a) During the Year, the revenue from home services increased by approximately 32.6% to approximately RMB487.7 million from approximately RMB367.9 million for the year ended 31 December 2021.
- (b) During the Year, the revenue from home decoration services increased by approximately 5.6% to approximately RMB425.2 million from approximately RMB402.7 million for the year ended 31 December 2021.
- (c) During the Year, the revenue from community media services decreased by approximately 0.9% to approximately RMB969.3 million from approximately RMB978.1 million for the year ended 31 December 2021.
- (d) During the Year, the revenue from local life services increased by approximately 28.7% to approximately RMB1,422.3 million from approximately RMB1,105.3 million for the year ended 31 December 2021.
- (e) During the Year, the revenue from real estate brokerage services increased by approximately 54.0% to approximately RMB388.3 million from approximately RMB252.2 million for the year ended 31 December 2021.
- (f) During the Year, the revenue from community area services increased by approximately 46.6% to approximately RMB324.7 million from approximately RMB221.4 million for the year ended 31 December 2021.

The Group continues to build up its professionalism in community value-added life business, always upholding the philosophy of “serving you a better life”, closely following the national policy and the residents’ needs, deeply cultivating the “convenience” construction, continuously expanding the service boundary, focusing on “the community’s readiness for serving the residents’ needs” and deeply exploring the innovative model of “property management services + life services”. The Group launched the “Intelligent Downstairs” (智享樓下) community one-stop life services model during the Year, and built a “Quarter-hour Convenient Living Circle” based on the “Intelligent Downstairs” (智享樓下) in various pilot sites. At the same time, due to the recurrence of the pandemic in 2022, some projects were closed for management and could not be operated, resulting in the growth of the community media business fell short of expectations.

### ***(III) Value-added services to non-property owners***

During the Year, the revenue from value-added services to non-property owners decreased by approximately 0.4% to approximately RMB2,664.7 million from approximately RMB2,675.1 million for the year ended 31 December 2021, accounting for approximately 6.4% of the total revenue (for the same period in 2021: approximately 9.3%).

The decrease in revenue from value-added services to non-property owners was mainly due to the downturn in the real estate economy, which resulted in a decline in sales assistance consulting services and sales agency services of unsold parking spaces and properties.

### ***(IV) Three Supplies and Property Management Businesses***

During the Year, the revenue from the “Three Supplies and Property Management” businesses currently includes the revenue arising from property management and other related services and heat supply services.

Among which, the revenue from property management and other related services increased by approximately 64.2% to approximately RMB4,117.8 million from approximately RMB2,507.5 million for the year ended 31 December 2021, accounting for approximately 10.0% of the total revenue (for the same period in 2021: approximately 8.7%).

The revenue from heat supply services increased by approximately 17.5% to approximately RMB1,435.3 million from approximately RMB1,221.8 million for the year ended 31 December 2021, accounting for approximately 3.5% of the total revenue (for the same period in 2021: approximately 4.2%).

The increase in the revenue from the “Three Supplies and Property Management” businesses was mainly due to the acquisition of new business contracts and the growth in the number of service projects, and the further increase in the scale of community value-added services.

## **(V) City Services**

During the Year, the revenue from city services increased from approximately RMB4,529.0 million for the year ended 31 December 2021 to approximately RMB4,836.9 million, representing an increase of approximately 6.8% and accounting for approximately 11.7% of total revenue (for the same period in 2021: approximately 15.7%).

The growth of revenue from city services was mainly due to the increase in city services project numbers during the Year. The Group adhered to the strategy of focusing on new urbanization. With “Good Governance, Good Business Environment, Beautiful Environment and Public benefits” as core value, on the basis of sharing ecological partners and resource platforms, the Group continuously adjusted and optimized its business, empowered integrated city services through the digital platform and AI technology, supported government in their efforts to improve urban governance, and promoted the synergistic development of urban civilization and economy. During the year, the Group announced the City Service Partner Programme 2.0, to construct a “One-stop • Sunny” digital service platform of city partnership, achieve resource sharing, operational transparency and mutual trust to the largest extend, work together to build the city services ecological chain.

## **(VI) Commercial Operational Services**

During the Year, the revenue from commercial operational services increased from approximately RMB654.2 million for the year ended 31 December 2021 to approximately RMB1,285.1 million, representing an increase of approximately 96.5%, accounting for approximately 3.1% of the total revenue (for the same period in 2021: approximately 2.3%).

The growth of revenue from commercial operational services was mainly due to the significant increase in the number of commercial projects during the Year, as compared to the same period last year as the Group has focused on development of commercial operational business since April 2021. The Group is capable of creating a full-chain professional commercial property service ranging from early investment, positioning planning, design, construction, business solicitation, operation promotion to project exit, and has the ability to build a diversified commercial ecosystem integrating commercial and business market and characteristic cultural tourism through integrating high-quality business resources and new business models, with an aim to realize the development of all business forms.

## Costs

The Group's costs include (i) staff cost, (ii) cleaning cost, (iii) heat supply cost, (iv) maintenance cost, (v) utilities, (vi) greening and gardening cost, (vii) security expenses, (viii) cost of sales of goods, (ix) transportation cost, (x) office and communication cost, (xi) taxes and surcharges, (xii) employee uniform expenses, (xiii) depreciation and amortisation charges, (xiv) community activities cost, (xv) travelling and entertainment cost, (xvi) construction costs for infrastructure under service concession arrangements, and (xvii) others. During the Year, the costs were approximately RMB31,109.1 million, representing an increase of approximately 55.7% as compared to approximately RMB19,979.0 million for the year ended 31 December 2021. The increase in costs was mainly due to the continuous expansion of the revenue-bearing GFA of the Group and business diversification, resulting in an increase in various costs, as well as the increase in the amortization costs of intangible assets — contracts and customer relationships and brands — arising from mergers and acquisitions.

## Gross Profit and Gross Profit Margin

During the Year, the overall gross profit increased by approximately RMB1,393.5 million to approximately RMB10,257.5 million from approximately RMB8,864.0 million for the year ended 31 December 2021, representing an increase of approximately 15.7%.

During the Year, the overall gross profit margin decreased by 5.9 percentage points to approximately 24.8% from approximately 30.7% for the year ended 31 December 2021, and the overall gross profit margin decreased mainly due to (i) the increase in amortisation charges of intangible assets — contracts and customer relationships and brands — arising from mergers and acquisitions; (ii) the Group's adjustment of management staff to front-line operations during the Year; (iii) the Group has expanded its talent pool for the business development in the future, but the growth rate of business has been restrained by the pandemic and macroeconomic fluctuations; and (iv) changes in the business structure of the Group during the Year.

During the Year, adjusted overall gross profit was approximately 28.6% (for the same period in 2021: approximately 32.5%) excluding the impact of adjustment of management staff and amortisation charges of intangible assets — contracts and customer relationships and brands — arising from mergers and acquisitions.

### (i) *Property management services*

During the Year, the gross profit margin of property management services decreased by 4.8 percentage points to approximately 25.5% from approximately 30.3% for the year ended 31 December 2021.

The decrease in the gross profit margin of property management services was mainly due to (i) the increase in the amortization costs of intangible assets — contracts and customer relationships and brands — arising from mergers and acquisitions; (ii) the relatively low gross profit margins of newly acquired companies; and (iii) the adjustment of some management staff to front-line operations resulting from the Group's continuous innovation of its organizational management model.

The adjusted gross profit margin of property management segment decreased by 1.1 percentage points from approximately 32.3% for the year ended 31 December 2021 to approximately 31.2%, excluding the impact of adjustment of management staff and amortisation charges of intangible assets — contracts and customer relationships and brands — arising from mergers and acquisitions.

**(ii) *Community value-added services***

During the Year, the gross profit margin of community value-added services decreased by 7.0 percentage points to approximately 53.5% from approximately 60.5% for the year ended 31 December 2021.

The decrease in gross profit margins of community value-added services was mainly due to the hinder on the community media business by the impact of the pandemic and the increased percentage contribution of local living business, which had relatively low gross profit margin.

The adjusted gross profit margin of community value-added services segment decreased by 6.0 percentage points from approximately 61.6% for the year ended 31 December 2021 to approximately 55.6%, excluding the impact of adjustment of management staff and amortisation charges of intangible assets — contracts and customer relationships and brands — arising from mergers and acquisitions.

**(iii) *Value-added services to non-property owners***

During the Year, the gross profit margin of value-added services to non-property owners decreased by 27.3 percentage points to approximately 13.6% from approximately 40.9% for the year ended 31 December 2021.

The decrease in the gross profit margin of value-added services to non-property owners was mainly due to the contraction of sales assistance consulting services and sales services for parking spaces and unsold properties by the impact of the recession of the real estate economy.

**(iv) *Three Supplies and Property Management Businesses***

During the Year, for the “Three Supplies and Property Management” businesses, the gross profit margin of property management and other related services decreased from approximately 11.6% for the year ended 31 December 2021 to approximately 8.8%, representing a decrease of 2.8 percentage points. The decrease in the gross profit margin of the property management and other related services under the “Three Supplies and Property Management” businesses was mainly due to the change in business structure and the larger proportion of businesses with low gross profit margins.

During the Year, for the “Three Supplies and Property Management” businesses, the gross profit margin of heat supply services decreased from approximately 10.4% for the year ended 31 December 2021 to approximately 9.5%, representing a decrease of 0.9 percentage points. The gross profit margin of heat supply services under the “Three Supplies and Property Management” businesses was relatively stable.

**(v) *City Services***

During the Year, the gross profit margin of city services increased from approximately 17.6% for the year ended 31 December 2021 to approximately 18.8%, representing an increase of 1.2 percentage points.

The gross profit margin of city services was relatively stable.

The adjusted gross profit margin of city services segment increased by 1.0 percentage point from approximately 21.6% for the year ended 31 December 2021 to approximately 22.6% excluding the impact of amortisation charges of intangible assets — contracts and customer relationships and brands — arising from mergers and acquisitions.

**(vi) *Commercial Operational Services***

During the Year, the gross profit margin of commercial operational services decreased from approximately 50.3% for the year ended 31 December 2021 to approximately 35.5%, representing a decrease of 14.8 percentage points.

The decrease in the gross profit margin of commercial operational services was mainly due to the relatively low gross profit margin from emerging businesses projects at ramp-up stage.

The adjusted gross profit margin of commercial operational services segment decreased by 14.4 percentage points from approximately 52.1% for the year ended 31 December 2021 to approximately 37.7% excluding the impact of amortisation charges of intangible assets — contracts and customer relationships and brands — arising from mergers and acquisitions.

## **Selling and Marketing Expenses**

During the Year, selling and marketing expenses were approximately RMB437.7 million, representing an increase of approximately 29.7% as compared with approximately RMB337.6 million for the year ended 31 December 2021.

The increase in selling and marketing expenses was mainly due to the increase in the market expansion expenses required for the business development of the Group.

## **General and Administrative Expenses**

During the Year, general and administrative expenses were approximately RMB4,270.3 million, representing an increase of approximately 31.0% as compared with approximately RMB3,259.4 million for the year ended 31 December 2021.

The increase in general and administrative expenses was mainly due to the expansion of the Group's business scale with the increase in its total revenue-bearing GFA, and the percentage of general and administrative expenses decreased by 1.0 percentage point from 11.3% for the same period in 2021 to approximately 10.3% which was mainly due to the adjustment of some management staff to front-line operations resulted from the Group's continuous innovation of its organizational management model.

In addition, the adjusted percentage of general and administrative expenses decreased by 0.3 percentage point from approximately 10.5% for the same period in 2021 to approximately 10.2% excluding the expense of share options.

## **Other Income**

During the Year, other income was approximately RMB537.7 million, representing an increase of approximately 170.7% as compared with approximately RMB198.6 million for the year ended 31 December 2021.

The increase in other income was mainly due to the dividends received from the financial assets at fair value through other comprehensive income during the Year and the acquisition of certain large property management companies in 2022, resulting in the expansion of business scale and the corresponding increase in employment, individual income tax refunds and other related government subsidies received compared to the same period last year.

## **Other (losses)/gains — Net**

During the Year, other (losses)/gains — net were approximately RMB-114.2 million, representing a decrease of approximately RMB566.1 million as compared with approximately RMB451.9 million for the year ended 31 December 2021.

The decrease in other gains — net was mainly due to the decrease in realised and unrealised gains on the financial assets at fair value through profit or loss and in foreign exchange gains as a result of fluctuations in market conditions as compared with the same period last year and the loss on disposal of subsidiaries during the Year.

## **Finance Costs — Net**

During the Year, finance costs — net were approximately RMB72.1 million, representing a decrease of approximately RMB25.7 million compared with approximately RMB97.8 million for the year ended 31 December 2021.

The decrease in finance costs — net was mainly due to the decrease in interest expenses as compared with the same period last year as a result of the due redemption and cancellation of the convertible bonds issued in 2021 on 1 June 2022.

## **Income Tax Expense**

During the Year, income tax expense was approximately RMB1,224.3 million, representing a decrease of approximately 7.5% compared to approximately RMB1,323.4 million for the year ended 31 December 2021.

The decrease in income tax expense was mainly due to the decrease in total profit before tax of the Group for the year ended 31 December 2022.

## **Profit for the Year**

During the Year, the net profit of the Group was approximately RMB2,261.3 million, representing a decrease of approximately 48.0% compared to approximately RMB4,349.5 million for the year ended 31 December 2021.

During the Year, the profit attributable to the Shareholders of the Company was approximately RMB1,943.4 million, representing a decrease of approximately 51.8% compared to approximately RMB4,033.4 million for the year ended 31 December 2021.

During the Year, the profit attributable to the non-controlling interests of the Company was approximately RMB317.9 million, representing an increase of approximately 0.6% compared to approximately RMB316.1 million for the year ended 31 December 2021.

During the Year, the core net profit attributable to the Shareholders of the Company was approximately RMB5,021.8 million, representing an increase of approximately 9.0% compared to approximately RMB4,606.9 million for the year ended 31 December 2021.

## **Intangible Assets**

The intangible assets of the Group mainly comprise goodwill arising from equity acquisitions, contracts and customer relationships, software assets, insurance brokerage license, brands and concession intangible assets.

As at 31 December 2022, the intangible assets of the Group were approximately RMB25,953.4 million, representing a decrease of approximately RMB1,991.4 million compared to approximately RMB27,944.8 million as at 31 December 2021, which was mainly due to the goodwill and intangible assets impairment of certain equity acquisition companies of the Group of approximately RMB1,770.4 million during the Year and the decrease in goodwill and intangible assets arising from the disposal of certain subsidiaries of approximately RMB320.3 million, as well as several equity acquisitions completed by the Group during the Year, resulting in goodwill of approximately RMB586.2 million, contracts and customer relationships of approximately RMB188.7 million, brands of approximately RMB96.9 million and concession intangible assets of RMB116.9 million carried forward from contract



assets. On the other hand, the amortization of contracts and customer relationships, insurance brokerage license, brands and concession intangible assets arising from the acquisitions during the Year was approximately RMB1,080.4 million.

### **Financial Assets at Fair Value through Other Comprehensive Income**

Financial assets at fair value through other comprehensive income include equity investments in certain entities.

As at 31 December 2022, the balance of financial assets at fair value through other comprehensive income of the Group was approximately RMB4,151.6 million, representing a decrease of approximately RMB12.9 million compared to approximately RMB4,164.5 million as at 31 December 2021. This was mainly due to the disposal of several investments and Everjoy Services being accounted for as a subsidiary of the Group as a result of the further acquisition of its equity interests to 100% by the Group during the Year.

### **Trade and Other Receivables**

Trade and other receivables include trade receivables, other receivables, prepayments to suppliers and prepayments for tax.

As at 31 December 2022, the Group recorded net trade receivables of approximately RMB15,358.1 million, representing an increase of approximately RMB5,069.7 million compared to approximately RMB10,288.4 million as at 31 December 2021, mainly due to the significant increase in the total revenue of the Group and the increase in receivables arising from the new business expansion during the Year.

The net other receivables of approximately RMB5,441.5 million as at 31 December 2022, representing an increase of approximately RMB1,252.6 million compared to approximately RMB4,188.9 million as at 31 December 2021, mainly due to the increase in deposits, payments on behalf of property owners, receivables from finance leases and loans to third parties pledged by equities.

### **Financial Assets at Fair Value through Profit or Loss**

Financial assets at fair value through profit or loss include investments in wealth management products and a closed-end fund.

As at 31 December 2022, the balance of financial assets at fair value through profit or loss of the Group amounted to approximately RMB862.8 million, representing a decrease of approximately RMB2,793.4 million as compared with approximately RMB3,656.2 million as at 31 December 2021, which was mainly due to the redemption of a majority of the Group's wealth management products, the decrease in valuation of the close-ended fund held by the Group as a result of the volatile market conditions, and Hopefluent Group Holdings Limited ("**Hopefluent**") being accounted for as an associate as a result of the increase in the Group's shareholding in Hopefluent from approximately 3.53% to approximately 25%, resulting from the further acquisition of approximately 21.47% equity interests in Hopefluent by the Group during the Year.

## **Contract Liabilities**

The contract liabilities mainly arose from the advance payments made by customers for the underlying services such as property management services and community value-added services, which are yet to be provided.

The contract liabilities increased from approximately RMB4,535.7 million as at 31 December 2021 to approximately RMB5,981.9 million as at 31 December 2022, representing an increase of approximately RMB1,446.2 million, mainly due to the increase in the advance payments for property management services as a result of the increase in the revenue-bearing GFA and the increase in advance payments received arising from new business expansion during the Year.

## **Trade and Other Payables**

Trade and other payables include trade payables, other payables, payroll payables and other taxes payables.

Trade payables primarily represent payables for goods or services that have been acquired in the ordinary course of business from suppliers, including purchase of materials and utilities as well as purchase from sub-contractors.

As at 31 December 2022, trade payables of the Group were approximately RMB5,976.6 million, representing an increase of approximately RMB1,482.2 million compared to approximately RMB4,494.4 million as at 31 December 2021, primarily due to the Group's business expansion resulting in an increase in material procurement costs, labor outsourcing costs and utility fees.

Other payables primarily include (i) deposits from property owners in relation to interior decorations; (ii) temporary receipts from property owners (mainly consisting of utilities fees collected from property owners and income generated from common area value-added services that belongs to property owners); (iii) outstanding considerations payable for business combinations; and (iv) accruals and others (mainly in relation to payables to third parties and advance).

Other payables increased from approximately RMB6,538.8 million as at 31 December 2021 to approximately RMB6,785.3 million as at 31 December 2022, primarily due to the increase in deposits.

## **Capital Management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total interest-bearing debt less cash and cash equivalents.

The convertible bonds issued on 3 June 2021 in connection to Best Path Global Limited, a wholly-owned subsidiary of the Company, in the aggregate principal amount of HKD5,038.0 million, were fully redeemed and canceled by the Company during the Year.

As at 31 December 2022, the bank and other borrowings of the Group amounted to approximately RMB2,253.6 million (31 December 2021: approximately RMB1,122.5 million).

As at 31 December 2021 and 2022, the gearing ratio of the Group was maintained at net cash position.

### Liquidity, Financial and Capital Resources

As at 31 December 2022, total bank deposits and cash (including restricted bank deposits) of the Group were approximately RMB11,376.8 million, representing a decrease of approximately RMB379.1 million as compared with approximately RMB11,755.9 million as at 31 December 2021. Total bank deposits and cash were denominated in the following currencies:

	31 December 2022		31 December 2021	
	(RMB'000)	(%)	(RMB'000)	(%)
RMB	11,182,834	98.3	5,741,171	48.8
HKD	104,259	0.9	5,962,307	50.7
Other currencies	89,679	0.8	52,423	0.5
	<u>11,376,772</u>	<u>100.0</u>	<u>11,755,901</u>	<u>100.0</u>

Out of the total bank deposits and cash of the Group, restricted bank deposits of approximately RMB161.0 million (31 December 2021: approximately RMB137.3 million) mainly represented the cash deposits in bank as performance security for property management services according to the requirements of the local government authorities and the deposits made as performance security for business contracts of Country Garden Manguo Environmental Technology Group Co., Ltd.# (碧桂園滿國環境科技集團有限公司) (“Manguo”) and Fujian Dongfei Environment Group Co., Ltd.# (福建東飛環境集團有限公司) (“Dongfei”), the subsidiaries of the Group.

As at 31 December 2022, the net current assets of the Group were approximately RMB9,662.3 million (31 December 2021: approximately RMB6,409.9 million). The current ratio (current assets/current liabilities) of the Group was 1.4 times (31 December 2021: 1.3 times).

# For identification purposes only

## **Key Risk Factors and Uncertainties**

The following content lists out the key risks and uncertainties confronted by the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below.

### ***Industry Risk***

The Group's operations are subject to the regulatory environment and measures affecting the property management industry in the PRC. In particular, the fees that property management companies may charge for property management services are subject to regulation and supervision by relevant regulatory authorities. The Group's business performance primarily depends on the total contracted and revenue-bearing GFA and the number of properties the Group manages, but the Group's business growth is, and will likely continue to be, affected by the PRC government regulations relating to the industries in which the Group operates.

### **Business Risk**

The Group's ability to maintain or improve the Group's current level of profitability depends on the Group's ability to control operating costs (particularly labour costs) and the Group's profit margins and results of operations may be materially and adversely affected by the increase in labour or other operating costs; the Group may not procure new property management services contracts as planned or at desirable pace or price; the Group may not be able to collect property management fees from customers and as a result, may incur impairment losses on receivables; termination or non-renewal of a significant number of the Group's property management services contracts could have a material adverse effect on business, financial position and results of operations.

### ***Foreign Exchange Risk***

The Group's businesses were principally located in the PRC. Except for bank deposits, trade receivables, a closed-end fund and equity investments in an entity denominated in foreign currencies, the Group was not subject to any other material risk directly relating to foreign exchange fluctuations. The management will continue to monitor the foreign exchange exposure, take prudent measures and develop hedging strategies as appropriate to reduce foreign exchange risks.

### **Employees and Remuneration Policies**

As at 31 December 2022, the Group had 227,759 employees (31 December 2021: 223,667 employees). During the Year, the total staff costs were approximately RMB16,172.0 million.

The remuneration package of the employees includes salary, bonus and other cash subsidies. Employees are rewarded on a performance-related basis, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions in accordance with the policy of the Group on compensation and welfare.

The Group is subject to social insurance contribution plans or other pension schemes prescribed by the local governments and is required to pay on behalf of its employees, monthly social insurance funds covering pension fund, medical insurance, work-related injury insurance, maternity insurance and unemployment insurance, and the housing provident fund, or to contribute regularly to other mandatory provident fund schemes on behalf of its employees.

Under the Share Option Scheme of the Company (the “**2020 Share Option Scheme**”) adopted by shareholders of the Company on 28 September 2020, on 30 March 2022, the Company has granted a total of 3,240,000 share options to five eligible participants (all participants are employees other than Directors). In addition, the Company has allotted and issued 2,451,000 Shares of the Company upon exercise of the share options under the Pre-Listing Share Option Scheme of the Company (the “**Pre-Listing Share Option Scheme**”) adopted by shareholders of the Company on 13 March 2018 by two employees (not being Directors).

### **Employee Training and Development**

In 2022, the Group reached a consensus on talent management with each unit to further focus on building new business talent of the Group. Relying on the building and empowerment of talent management teams, the Group created a normalized pattern of talent management and strong atmosphere for publicity while taking talent management strategy to the Group’s development.

Through a combination of live online and offline training the Company recorded an increase of 37% in cumulative number of training sessions organized in 2022 as compared with the previous year, reaching 4,998 sessions.

In terms of frontline positions, on the basis of guaranteeing 100% training coverage for new employees, the Group strengthened the training of department heads of reserve projects, covering 6,285 trainees and 5,657 graduates, with a completion rate of 90% in 2022; in terms of in-service key group cadres, we maintained the normalized training, organized 11 sessions in total, with 46,000 participants.

At the same time, in order to support the Group’s business development strategy with higher efficiency, we will further broadened the boundaries of leadership succession plan in 2022, formed a training system covering the five major businesses of operation, namely value-added, market development, city services and commercial office buildings, identified and trained 300 reserve cadres for new business, and developed a total of 115 premium courses of new business to meet the needs of training reserve cadres for new business.

## **Charge on Assets**

As at 31 December 2022, as Manguo and Dongfei, both subsidiaries of the Company, carried out borrowing and sale and leaseback financing loan business with banks and financial leasing companies to meet the operational needs of certain of their respective city service projects, which were mainly secured by rights of collection of several city service projects and certain equipment. In addition, CG Life Services, a subsidiary of the Company, made borrowings from banks to finance mergers and acquisitions, with its 20.495% equity interest in Manguo as security.

## **Contingent Liabilities**

Please refer to note 16 to the consolidated financial statements in this announcement for details of contingent liabilities as at 31 December 2022, which were contingent consideration arising from business combinations. Save as disclosed, the Group did not have any other contingent liabilities.

## **External Guarantee**

As at 31 December 2022, save as disclosed in note 19 to the consolidated financial statements in this announcement, the Group did not have any other external guarantee.

## **Material Acquisitions, Disposal and Significant Investments**

During the Year, save for those disclosed in section headed “Major Events during the Year” below, the Group had no other material acquisitions or disposals and no individually significant investments.

## **MAJOR EVENTS DURING THE YEAR**

### **Acquisition of Entire Equity Interest in Link Joy Holdings**

On 28 September 2021 (after trading hours), Country Garden Property Services HK Holdings Company Limited (“**CG Property Services HK**”, an indirect wholly-owned subsidiary of the Company) entered into an equity transfer agreement with Colour Life Services Group Co., Limited (“**Colour Life Services**”) to acquire 100% equity interest (“**Target Shares**”) in Link Joy Holdings Group Co., Limited (“**Link Joy Holdings**”) at a consideration of no more than RMB3.3 billion. Link Joy Holdings holds 100% equity interest in Colour Life Services’ certain core asset companies which are principally engaged in property management businesses in the PRC. Pursuant to the terms of the agreement, the Target Shares were charged in favor of CG Property Services HK as security.

On 30 September 2021, CG Property Services HK separately provided a loan with a principal amount of Hong Kong dollars equivalent to RMB700 million (equivalent to the second instalment of consideration) and due on 4 October 2021 (the “**Loan**”) to Colour Life Services.

On 4 October 2021 (after trading hours), upon receiving the notification of probable default on external debts by Fantasia Holdings Group Co., Limited (“**Fantasia**”), the controlling shareholder of Colour Life Services, and default of the Loan by Colour Life Services, CG Property Services HK enforced the Target Shares charged in favor of CG Property Services HK in accordance with the terms of the equity transfer agreement and has obtained control over the Target Shares in October 2021.

On 28 March 2022 (after trading hours), the parties to the equity transfer agreement entered into a supplemental agreement in relation to, among others, amendments to the conditions and arrangements for the payment of consideration and the repayment of the Loan (the “**Supplemental agreement**”). The entering into of the Supplemental Agreement was due to, among other things, (i) the purpose of protecting the Group’s interests in relation to the Loan and the first instalment of consideration it paid; (ii) it being helpful for CG Property Services HK and Colour Life Services to improve and continue to perform their rights and obligations under the equity transfer agreement; and (iii) the commitments of Colour Life Services and its controlling shareholder, Fantasia, under the Supplemental Agreement, which are conducive to safeguarding the interests of the Shareholders of the Company.

As at the date of this announcement, CG Property Services HK has paid the first and second instalments of consideration in the amount of RMB2.3 billion and RMB700 million to Colour Life Services. Currently, the post-investment management in respect of Link Joy Holdings Acquisition is progressing smoothly.

Please refer to the announcements of the Company dated 28 September 2021, 4 October 2021 and 28 March 2022 for further details.

### **Acquisition of Equity Interest in Everjoy Services**

On 11 February 2022, CG Property Services HK entered into a binding equity purchase agreement (the “**Original Majority Equity Purchase Agreement**”) with Chuangchen International Co., Ltd. (創辰國際有限公司), Chuangzhuo International Co., Ltd. (創卓國際有限公司), Chuangyuan International Co., Ltd. (創沅國際有限公司), Tycoon Ample Limited (亨盛有限公司) and Mr. Yang Jian (楊劍) (collectively, the “**Majority Shareholders**”), and entered into a binding equity purchase agreement (the “**Original Minority Equity Purchase Agreement**”) with Chuangzhi International Co., Ltd. (創志國際有限公司), Chuangtong International Co., Ltd. (創同國際有限公司), Mr. Li Jiacheng (李家城) and Mr. Ma Fei (馬飛) (collectively, the “**Minority Shareholders**”, together with the Majority Shareholders, the “**Everjoy Services Vendors**”), pursuant to which CG Property Services HK agreed to acquire a total of approximately 93.76% equity interest in Everjoy Services Company Limited (“**Everjoy Services**”) at a consideration of no more than approximately RMB3,129 million in cash (the “**Everjoy Services Acquisition**”). The terms of the Agreements were determined after arm’s length negotiations between the parties.

On 29 March 2022, the Company, CG Property Services HK and the relevant Everjoy Services Vendors entered into the Majority First Supplemental Agreement and the Minority First Supplemental Agreement, respectively, to amend the arrangements for payment of the consideration under the Original Majority Equity Purchase Agreement and the Original Minority Equity Purchase Agreement (including the change of payment method for part of the consideration to payment through issuing consideration shares), the performance guarantees and the contractual arrangements for relevant matters.

On 29 March 2022, CG Property Services HK entered into the Majority Second Supplemental Agreement and the Minority Second Supplemental Agreement with the relevant Everjoy Services Vendors and Shanghai Zhongchengyun City Operation Management Co., Ltd (formerly known as Shanghai Zhongchengyun City Construction Services Co., Ltd., a related party of the Majority Shareholders), respectively, to amend the scope of the Projects In Transit and the Injected Projects, the rectification of the projects, the reorganization arrangements of

Everjoy Services and its subsidiaries, the handling of related party transactions and accounts and the contractual arrangements for relevant matters under the Original Majority Equity Purchase Agreement, the Original Minority Equity Purchase Agreement, the Majority First Supplemental Agreement and the Minority First Supplemental Agreement.

The total consideration for the Everjoy Services Acquisition is not more than approximately RMB3,129 million, of which (i) not more than approximately RMB1,396 million shall be paid in cash in stages, and (ii) not more than approximately RMB1,733 million shall be paid in stages through the issue of the consideration shares by the Company. The maximum number of the consideration shares to be issued is 45,983,980 shares, representing approximately 1.37% of the issued share capital of the Company as at 29 March 2022.

Entering into the Everjoy Services Acquisition will help improve the Group's whole value chain operation service level, further improve our business scale and scope, and generate great synergies. They will also broaden the Group's source of revenue, generate stable income and cash flows, increase total revenue, and enhance profitability and market influence and competitiveness of the Group, which is in line with the strategic development needs of the Group.

As of the date of this announcement, according to the Everjoy Services Acquisition, CG Property Services HK has paid to the Everjoy Services Vendors part of the consideration of approximately RMB829 million, of which (i) approximately RMB747 million (equivalent to approximately HKD904 million) paid in cash in stages; and (ii) approximately RMB82.25 million (based on the average closing price per share as quoted on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") 20 trading days prior to the date of signing the Original Majority Equity Purchase Agreement and the Original Minority Equity Purchase Agreement, i.e. the issue price of HKD46.1725 per share) paid through the issue of 2,182,454 consideration shares of the Company under the general mandate, which accounted for approximately 0.06% of the issued shares of the Company as at the date of issuance. Currently, the equity transfer has been completed and post-investment takeover in respect of the Everjoy Services Acquisition are underway smoothly.

Please refer to the announcements of the Company dated 14 February 2022, 29 March 2022 and 20 May 2022 for further details.

### **Continuing Connected Transactions — Amendments to the Existing Property Lease Framework Agreement and the Existing Business Management Service Framework Agreement**

On 13 April 2021 (after trading hours), the Company entered into the property lease framework agreement with Country Garden Holdings Company Limited ("**CG Holdings**") (the "**Existing Property Lease Framework Agreement**"), which sets out the principal terms for the lease of properties by CG Holdings and its subsidiaries and 30%-controlled companies (the "**CGH Group**") (as lessor) to the Group (including the Company and its subsidiaries and 30%-controlled companies) (as lessee).



To better accommodate the actual business development, avoid unnecessary business interruption, and to ensure long-term and stable business development and the continuity of market recognition, the Company and CG Holdings entered into the Property Lease Supplemental Agreement on 12 July 2022 (after trading hours) to amend the Existing Property Lease Framework Agreement, pursuant to which (i) the scope of the subject matter under individual leasing contracts was expanded, (ii) the lease term of the individual lease contracts was extended to no more than 20 years from the starting date of the corresponding lease, (iii) the rental mechanism was revised, (iv) the rent adjustment mechanism was added, and (v) the annual caps under the Existing Property Lease Framework Agreement for each of the two years ending 31 December 2023 were revised. Save for the amendments as mentioned above, other terms of the Existing Property Lease Framework Agreement remain unchanged.

The amendments to the Existing Property Lease Framework Agreement provide the Group with a long-term steady cooperation with the CGH Group, enabling the Group to (i) expand the scope of subject lease assets and better meet the actual business development needs of actual commercial asset leasing and operation; (ii) extend the maximum duration of the lease term of the individual lease contracts, which can avoid unnecessary business interruption, ensure the continuous operation of the leased assets of the Group without disruptions, and maintain a good level of operation and management. In addition, for the Group's relevant commercial assets subletting business, such extension is in line with industry practice, which can improve the flexibility of the lease terms of individual lease contracts, meet the long-term leasing needs of individual tenants, and ensure long-term cooperation with tenants; (iii) the revision of the rent mechanism can improve the flexibility of the business model and improve adaptability to changes in the market and economic environment; (iv) the rent adjustment mechanism is conducive to the Group's regular review and adjustment of rent levels according to market conditions to ensure their fairness in the market; and (v) generate stable rental income through subletting and stable operating revenue through self-operation, so as to cultivate the Group's commercial operation business, grow and broaden its commercial operation revenue base, which will further strengthen the recognition and track record of the commercial operation of the Group and in turn enhance the market competitiveness of the Group in the field of commercial operation in the future.

On 13 April 2021 (after trading hours), the Company entered into the business management service framework agreement with CG Holdings (the “**Existing Business Management Service Framework Agreement**”), which sets out the principal terms for the provision of business management services by the Group (including the Company and its subsidiaries and 30%-controlled companies) to the CGH Group. To ensure long-term and stable business development and the continuity of market recognition, the Company and CG Holdings entered into the Business Management Service Supplemental Agreement on 12 July 2022 (after trading hours) to amend the Existing Business Management Service Framework Agreement, whereby the Individual Contract Service Term (has the meaning ascribed thereto in the Existing Business Management Service Framework Agreement) was extended to no more than 10 years from the date on which the services under the relevant individual service contracts commence. Save for the amendments as mentioned above, other terms (including the annual caps) of the Existing Business Management Service Framework Agreement remain unchanged.

The amendments to the Individual Contract Service Term under the Existing Business Management Service Framework Agreement can (i) provide stability for the long-term development of the business management activities of the Group and be conducive to the continuity of market recognition; and (ii) extend the period of revenue generation from the business management activities of the Group and help the Group develop long-term strategies relating to such activities.

Please refer to the announcements of the Company dated 13 April 2021 and 12 July 2022 for further details of the above continuing connected transactions.

## **RESIGNATION OF NON-EXECUTIVE DIRECTORS**

On 24 August 2022, the Company received resignation letters from Mr. YANG Zhicheng and Ms. WU Bijun, respectively. Mr. YANG Zhicheng and Ms. WU Bijun have resigned as non-executive directors of the Company in order to allocate more time to focus on the affairs of CG Holdings. The Company is still in the process of identifying suitable candidates internally or from the open market to serve as directors of the Company in order to enhance corporate governance and promote sustainable and healthy development.

Please refer to the announcement of the Company dated 24 August 2022 for further details.

## **ACQUISITION OF SHARES IN HOPEFLUENT**

On 9 November 2022, CG Property Services HK entered into an equity transfer agreement (the “**Hopefluent Equity Transfer Agreement**”) and other ancillary agreements (together with the Hopefluent Equity Transfer Agreement, the “**Agreements**”) with, among others, Fu’s Family Limited (the “**Hopefluent Vendor**”). Pursuant to the Hopefluent Equity Transfer Agreement, CG Property Services HK has conditionally agreed to acquire from the Hopefluent Vendor 144,753,495 shares in Hopefluent (together with its subsidiaries, the “**Hopefluent Group**”), representing approximately 21.47% of the issued share capital of the Hopefluent (the “**Hopefluent Acquisition**”), for a total consideration of approximately HKD233.05 million. The consideration was funded by the internal resources of the Group.

The Hopefluent Acquisition will allow the Group to enhance its business development in the real estate agency business and property value-added services by promoting and strengthening the future cooperation and complementary advantages between the Group and the Hopefluent Group. The Hopefluent Group’s resources, reputation and experience in the real estate agency services can be beneficial to the Group. Furthermore, the Group and the Hopefluent Group can share their online channels and offline resources in the real estate agency services segment to improve operation efficiency.

As of the date of this announcement, the transfer of the equity in Hopefluent has been completed. The Company holds in aggregate approximately 25.00% of the issued share capital of the Hopefluent, which has been accounted for as an associate of the Group. Please refer to the announcement of the Company dated 9 November 2022 for further details.

## **DISPOSAL OF SHARES BY A CONTROLLING SHAREHOLDER**

On 11 December 2022 (the “**Announcement Date**”), the Company made an inside information announcement that on 9 December 2022, Concrete Win Limited (“**Concrete Win**”), a company wholly-owned by Ms. YANG Huiyan (“**Ms. YANG**”, non-executive Director, chairman of the Board and controlling shareholder of the Company), entered into a placing agreement with J.P. Morgan Securities plc (the “**Placing Agent**”) by way of block trade in the secondary market, pursuant to which, the Placing Agent agreed to place, and Concrete Win agreed to dispose of an aggregate of 237,000,000 shares of the Company (the “**Placing Shares**”) it held, representing approximately 7.03% of the total issued share capital of the Company as at Announcement Date, to certain independent investors, at a selling price of HKD21.33 per Placing Share and with a total consideration of approximately HKD5,055 million (the “**Disposal**”).

Immediately after the Disposal, the number of the shares of the Company held by Ms. YANG decreased from 1,455,336,100 shares (representing approximately 43.15% of the total issued share capital of the Company as at Announcement Date) to 1,218,336,100 shares (representing approximately 36.12% of the total issued share capital of the Company as at Announcement Date). Ms. YANG remained a controlling shareholder of the Company.

## **SIGNIFICANT EVENTS AFTER THE YEAR**

There were no material events which casted material impact on the Group as at the end of the Year and up to the date of this announcement.

## **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

The figures in respect of the Group’s consolidated statement of comprehensive income, consolidated balance sheet, and the related notes thereto for the year ended 31 December 2022 as set out in this results announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 December 2022. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this results announcement.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, and overseeing the audit process. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Rui Meng, Mr. Mei Wenjue and Mr. Chen Weiru. Mr. Rui Meng is the chairman of the Audit Committee. The Audit Committee and the management have discussed and reviewed the annual results and consolidated accounts of the Group for the year ended 31 December 2022. It has also reviewed the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters.

## **CORPORATE GOVERNANCE CODE**

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. The Company has adopted the code provisions in the Corporate Governance Code (the “**Corporate Governance Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited as its own code of corporate governance.

During the year ended 31 December 2022, the Company had adopted and complied with all applicable code provisions set out in the Corporate Governance Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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

The Company has made specific enquiry to all Directors on whether the Directors have complied with the required standard as set out in the Model Code during the year ended 31 December 2022 and all Directors have confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the Year. No incident of non-compliance was found by the Company during the Year. Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2022, the interests and short positions of the Directors and chief executives of the Company in the shares of the Company (the “Shares”), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the “SFO”), which were required to be entered in the register pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

### LONG POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

Number of Director	Capacity	Number of Shares held	Number of interests in underlying shares held under equity derivatives	Total	% of total Shares in issue as at 31 December 2022	Name of debentures held
Ms. Yang Huiyan	Interest of controlled corporation	1,218,336,100 <sup>(1)</sup>	–	1,218,336,100	36.12%	–
Mr. Li Changjiang	Beneficial owner and interest of spouse	3,227,915 <sup>(2)(3)</sup>	5,790,000 <sup>(6)</sup>	9,017,915	0.27%	–
Mr. Xiao Hua	Beneficial owner	1,255,795 <sup>(2)(4)</sup>	1,520,000 <sup>(6)</sup>	2,775,795	0.08%	–
Mr. Guo Zhanjun	Beneficial owner	825,405 <sup>(2)(5)</sup>	1,200,000 <sup>(6)</sup>	2,025,405	0.06%	–

*Notes:*

- As at 31 December 2022, the total number of Shares in issue of the Company was 3,373,127,390 Shares.
- (1) As at 31 December 2022, Concrete Win and Fortune Warrior Global Limited (“**Fortune Warrior**”) held 1,092,972,961 Shares and 125,363,139 Shares, respectively. Concrete Win and Fortune Warrior are beneficially wholly-owned by Ms. YANG. By virtue of the SFO, Ms. YANG is deemed to be interested in the same number of Shares in which Concrete Win and Fortune Warrior were interested.
  - (2) The relevant interests include the Shares received from the exercise of the unlisted physically settled options granted pursuant to Pre-Listing Share Option Scheme. Upon exercise of the share options in accordance with the Pre-Listing Share Option Scheme, the corresponding number of ordinary Shares will be issued at HKD0.94 per Share. The share options are personal to the respective Directors.
  - (3) These Shares represent 1,283,000 Shares held by Ms. Huang Zhihua, spouse of Mr. Li Changjiang, which were purchased in the secondary market, 315 Shares received by Mr. Li Changjiang as the distributed final dividend of CG Services for 2020 and 1,944,600 Shares issued to Mr. Li Changjiang upon his exercise of the options granted to him under the Pre-Listing Share Option Scheme.
  - (4) These Shares represent 37 Shares distributed to Mr. Xiao Hua by virtue of the shares of CG Holdings held by him prior to the spin-off and separate listing of the Shares on the Main Board of the Stock Exchange, 5,558 Shares received by Mr. Xiao Hua as the distributed final dividend of CG Services for 2020 and 1,250,200 Shares issued to Mr. Xiao Hua upon his exercise of the options granted to him under the Pre-Listing Share Option Scheme.
  - (5) These Shares represent 14,205 Shares received by Mr. Guo Zhanjun as the distributed final dividend of CG Services for 2020 and 2021 and 811,200 Shares issued to Mr. Guo Zhanjun upon his exercise of the options granted to him under the Pre-Listing Share Option Scheme.
  - (6) The relevant interests are unlisted physically settled options granted pursuant to the 2020 Share Option Scheme. Upon exercise of the share options in accordance with the Share Option Scheme, the corresponding number of ordinary Shares will be issued at HKD50.07 per Share. The share options are personal to the respective Directors.

Save as disclosed above, as at 31 December 2022, none of the Directors and chief executives of the Company (including their spouses and children under the age of 18) had any interest in, or had been granted any right to subscribe for the Shares and options of the Company and its associated corporations (within the meaning of the SFO), or had exercised any such rights.

## LONG POSITIONS IN THE SHARES OF AN ASSOCIATED CORPORATION OF THE COMPANY

Name of Director	Name of associated corporation	Nature of interest	Number of shares held	Approximate % of total issued shares of the associated corporations as at 31 December 2022 <sup>(1)</sup>
Ms. Yang Huiyan	Justbon Services	Interest of controlled corporation	177,584,598	99.71%

*Note:*

- (1) The resolution for approving the delisting of H shares of Justbon Services from the Stock Exchange was passed at the general meeting and H share class meeting of Justbon Services held on 17 June 2021, and the delisting acceptance condition was satisfied on 15 July 2021. The listing of H shares of Justbon Services on the Stock Exchange was voluntarily withdrawn at 4:00 p.m. on 19 August 2021. Following the delisting, the shares of Justbon Services, as a PRC issuer, are no longer divided into H shares and domestic shares and are all ordinary shares with the nominal value of RMB1 each. The percentage is calculated based on the total shares of Justbon Services of 178,102,160 shares as at 31 December 2022.

Save as disclosed above, as at 31 December 2022, none of the Directors and chief executives of the Company (including their spouses and children under the age of 18) had any interest in, or had been granted any right to subscribe for the Shares and options of the Company and its associated corporations (within the meaning of the SFO), or had exercised any such rights.

## INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 December 2022, as set out in the register kept under Section 336 of the SFO, the following companies and persons (other than the Directors and chief executives of the Company) had interests or short positions in the Shares and underlying shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Capacity	Number of Shares held or interested	Approximate % of total Shares in issue
Concrete Win	Beneficial owner	1,092,972,961 (L)	32.40%
Mr. Chen Chong <sup>(1)</sup>	Interest of spouse	1,218,336,100 (L)	36.12%

*Notes:*

- As at 31 December 2022, the total number of Shares in issue of the Company was 3,373,127,390 Shares.
- (1) By virtue of the SFO, Mr. Chen Chong is deemed to be interested in the Shares held by his spouse, Ms. YANG, whose interests are disclosed in the above section headed “Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company”.

Save as disclosed above, as at 31 December 2022, the Company had not been notified of any other person (other than the Directors or chief executives of the Company) who was recorded in the register of the Company as having an interest or short position in the Shares and underlying Shares of the Company which would fall 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 by the Company under Section 336 of the SFO.

## **SHARE OPTION SCHEME**

The shareholders of the Company approved and adopted the Pre-Listing Share Option Scheme on 13 March 2018. It was subsequently amended by a resolution passed at the extraordinary general meeting held on 7 November 2019. The shareholders of the Company also approved and adopted the 2020 Share Option Scheme (collectively, the “**Share Option Schemes**”) on 28 September 2020.

The Board has the power to manage the Share Option Schemes and its decisions, interpretations or influence on all matters relating to the Share Option Schemes shall be final and binding on all parties. The Board has the right to authorise any Director to exercise any or all of its powers to manage the Share Option Schemes by resolution, including but not limited to selecting among eligible participants and granting share options to grantees in accordance with the Share Option Schemes, subject to the terms and conditions of the Share Option Schemes.

During the year ended 31 December 2022, pursuant to the terms of the Pre-listing Share Option Scheme, the Company allotted and issued 2,451,000 shares of the Company in connection with the exercise of options by 2 employees (both being non-director employees); in addition, the Company has granted a total of 3,240,000 share options to five eligible participants (all participants are employees other than Directors) in accordance with the terms of the 2020 Share Option Scheme and cancelled 1,600,000 share options granted on 23 March 2021.



## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2022, the Company repurchased a total of 3,140,000 Shares on the Hong Kong Stock Exchange at a total consideration of HKD98,334,150 (before expenses). All the Shares repurchased were subsequently cancelled in full during the year. Details of the Shares repurchased during the year were as follows:

Month	Number of Shares repurchased	Purchase price per Share		Total consideration (before expenses) <i>HKD</i>
		Highest <i>HKD</i>	Lowest <i>HKD</i>	
January 2022	1,493,000	43.75	39.25	61,423,300
July 2022	1,647,000	24.30	20.50	36,910,850
	<u>3,140,000</u>			<u>98,334,150</u>

The purpose of such Share repurchase was to increase the returns for the Shareholders and to reflect the Company's confidence in its business prospects, and was beneficial to all Shareholders. As at 31 December 2022, the total number of Shares in issue of the Company was 3,373,127,390 Shares.

Save as disclosed above, during the year ended 31 December 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## FINAL DIVIDEND AND SPECIAL DIVIDEND

The Directors recommend the payment of a final dividend of RMB14.40 cents (2021: RMB29.95 cents) per share for the year ended 31 December 2022 and special dividend of RMB22.81 cents per share (2021: Nil) in the form of cash to shareholders whose names appear on the register of members of the Company on Wednesday, 7 June 2023 (record date) (the "Eligible Shareholders") as a token of appreciation to all Shareholders for their continuous support and trust in the Company.

The proposed final dividend and special dividend shall be declared in RMB and paid in Hong Kong dollars. The final dividend and special dividend payable in Hong Kong dollars will be converted from RMB at the average middle rate of RMB to Hong Kong dollars as announced by the People's Bank of China for the period from Thursday, 1 June 2023 to Wednesday, 7 June 2023. It is expected that the final dividend warrants and special dividend warrants will be dispatched to Eligible Shareholders on or around Wednesday, 30 August 2023.

## CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the eligibility of the Shareholders to attend, speak and vote at the 2023 AGM of the Company, and the Eligible Shareholders' entitlement to the proposed final dividend and special dividend, the register of members of the Company will be closed as appropriate as set out below:

- (i) For determining the Shareholders' eligibility to attend, speak and vote at the 2023 AGM:

Latest time to lodge transfer documents for registration with the Company's Hong Kong branch share registrar and transfer office	At 4:30 p.m. on Friday, 19 May 2023
Record date	Monday, 22 May 2023
Closure of the register of members of the Company	Monday, 22 May 2023 to Thursday, 25 May 2023 (both days inclusive)

- (ii) Subject to the passing of the proposal for distributing the final dividend at the 2023 AGM, for determining the Eligible Shareholders' entitlement to the proposed final dividend and special dividend:

Latest time to lodge transfer documents for registration with the Company's Hong Kong branch share registrar and transfer office	At 4:30 p.m. on Monday, 5 June 2023
Closure of the register of members of the Company	Tuesday, 6 June 2023 to Wednesday, 7 June 2023 (both days inclusive)
Record date	Wednesday, 7 June 2023

For the purposes mentioned above, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than the aforementioned latest time.

## **PUBLICATION OF ANNUAL RESULTS**

This results announcement has been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.bgyfw.com>). The Company's 2022 annual report will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company on or before 30 April 2023.

## **ACKNOWLEDGMENTS**

The Company would like to express our deepest gratitude to the Board, the management of the Group and all employees for their hard work, loyal service and contribution. We also thank our Shareholders, property owners and customers, governments, suppliers, business partners and professional consultants for their continuous support to the Group.

By order of the Board  
**Country Garden Services Holdings Company Limited**  
**LI Changjiang**  
*President and Executive Director*

Foshan, China, 29 March 2023

*As of the date of this announcement, the executive Directors are Mr. LI Changjiang, Mr. XIAO Hua and Mr. GUO Zhanjun. The non-executive Director is Ms. YANG Huiyan (Chairman). The independent non-executive Directors are Mr. MEI Wenjue, Mr. RUI Meng and Mr. CHEN Weiru.*

*# For identification purposes only*