COUNTRY GARDEN SERVICES HOLDINGS COMPANY LIMITED
碧桂園服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 6098)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

FINANCIAL HIGHLIGHTS

— The revenue of the Group for the Year increased from approximately RMB3,121.9 million for the same period in 2017 to approximately RMB4,675.3 million, representing an increase of approximately 49.8%.

— The gross profit of the Group for the Year increased from approximately RMB1,035.6 million for the same period in 2017 to approximately RMB1,761.6 million, representing an increase of approximately 70.1%. Gross profit margin increased by 4.5 percentage points to approximately 37.7% from approximately 33.2% for the same period in 2017.

— The net profit of the Group for the Year increased from approximately RMB440.5 million for the same period in 2017 to approximately RMB934.2 million, representing an increase of approximately 112.1%.

— The profit attributable to the owners of the Company for the Year increased from approximately RMB401.7 million for the same period in 2017 to approximately RMB923.2 million, representing an increase of approximately 129.8%.

— During the Year, the basic earnings per share increased from approximately RMB16.07 cents for the same period in 2017 to approximately RMB36.93 cents, representing an increase of approximately 129.8%.

— During the Year, the diluted earnings per share increased from approximately RMB16.07 cents for the same period in 2017 to approximately RMB36.53 cents, representing an increase of approximately 127.3%.

— As at 31 December 2018, the total bank deposits and cash of the Group were approximately RMB3,874.3 million (as at 31 December 2017: approximately RMB2,637.1 million).

— As at 31 December 2018, the revenue-bearing gross floor area ("**GFA**") of the property management services of the Group increased by approximately 58.7 million sq.m. to approximately 181.5 million sq.m. from approximately 122.8 million sq.m. as at 31 December 2017.

The board (the "**Board**") of directors (the "**Director(s)**") of Country Garden Services Holdings Company Limited (the "**Company**" or "**CG Services**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2018 (the "**Year**") as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December **2018** *RMB'000*	2017 *RMB'000*
Revenue	6	**4,675,287**	3,121,852
Cost of services	6, 7	**(2,913,665)**	(2,086,266)
Gross profit		**1,761,622**	1,035,586
Selling and marketing expenses	7	**(26,639)**	(9,351)
General and administrative expenses	7	**(759,735)**	(455,272)
Net impairment losses on financial assets	7	**(13,392)**	(4,171)
Other income		**31,112**	13,067
Other gains — net	8	**19,181**	1,272
Operating profit		**1,012,149**	581,131
Finance income	9	**53,845**	35,185
Finance costs		**—**	(190)
Finance income — net		**53,845**	34,995
Share of results of joint ventures		**6,211**	991
Share of results of associates		**(2,818)**	(8,920)
Profit before income tax		**1,069,387**	608,197
Income tax expense	10	**(135,177)**	(167,734)
Profit and total comprehensive income for the year		**934,210**	440,463
Profit and total comprehensive income attributable to:			
— Owners of the Company		**923,154**	401,743
— Non-controlling interests		**11,056**	38,720
		934,210	440,463
Earnings per share attributable to owners of the Company (expressed in RMB cents per share)			
— Basic	11	**36.93**	16.07
— Diluted	11	**36.53**	16.07

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December **2018** *RMB'000*	2017 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**112,981**	78,575
Intangible assets	13	**686,307**	20,858
Investments in joint ventures		**27,025**	13,834
Investments in associates		**—**	4,426
Financial assets at fair value through other comprehensive income		**15,558**	174
Deferred income tax assets		**3,363**	3,702
Other non-current assets		**5,854**	—
		851,088	121,569
Current assets			
Inventories		**8,460**	6,123
Trade and other receivables	14	**788,059**	712,334
Restricted bank deposits		**5,366**	2,797
Cash and cash equivalents		**3,868,921**	2,634,297
		4,670,806	3,355,551
Total assets		**5,521,894**	3,477,120
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	**1,584**	—
Other reserves		**601,003**	500,142
Retained earnings		**1,658,200**	921,031
		2,260,787	1,421,173
Non-controlling interests		**68,919**	120,933
Total equity		**2,329,706**	1,542,106

	Note	As at 31 December 2018 RMB'000	2017 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**65,044**	14,456
Current liabilities			
Contract liabilities	6	**1,000,156**	556,880
Trade and other payables	16	**2,060,176**	1,314,905
Current income tax liabilities		**66,812**	48,773
		3,127,144	1,920,558
Total liabilities		**3,192,188**	1,935,014
Total equity and liabilities		**5,521,894**	3,477,120

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. General information

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 Group is principally engaged in provision of property management services, community value-added services and value-added services to non-property owners in the People's Republic of China (the "**PRC**").

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 19 June 2018 (the "**Listing**").

On 29 May 2018, the board of directors of Country Garden Holdings Company Limited ("**CGH**") declared a special dividend to be satisfied wholly by way of a distribution in specie to its then qualifying shareholders of an aggregate of 2,500,000,000 shares of the Company, representing the entire issued share capital of the Company (Note 15), in proportion to their shareholdings in CGH as at 13 June 2018 (the "**CGH Distribution**"). The CGH Distribution was completed upon the Listing. Prior to the CGH Distribution, the immediate holding company of the Company was Wise Fame Group Limited ("**Wise Fame**"); after the CGH Distribution, the Company has no immediate holding company and it is ultimately controlled by Ms. Yang Huiyan.

These consolidated financial statements for the year ended 31 December 2018 are presented in Renminbi ("**RMB**"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 19 March 2019.

2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRS**"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, 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 4.

3. Changes in accounting policy and disclosure

(a) The adoption of the amendments to HKFRSs effective for the financial year ending 31 December 2018 did not have a material impact to the Group.

The Group has early adopted HKFRS 9 "Financial Instruments" and HKFRS 15 "Revenue from Contracts with Customers" in previous years as disclosed in the listing documents of the Company dated 6 June 2018.

(b) New standards and amendments to existing standards which have been issued but not yet effective and have not been early adopted by the Group are as follows:

		Effective for the financial year beginning on or after
HKFRS 16	Leases	1 January 2019
HKFRIC 23	Uncertainty over income tax treatment	1 January 2019
Amendments to HKFRS 9	Prepayment features with negative compensation	1 January 2019
Amendments to HKAS 19	Plan amendment, curtailment or settlement	1 January 2019
Amendments to HKAS 28	Long-term interests in associates and joint ventures	1 January 2019
Annual improvements 2015–2017		1 January 2019
HKFRS 17	Insurance contract	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associates or joint ventures	To be determined

The above new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2019 and have not been applied in preparing these consolidated financial statements. The Group's assessment of the impact of these new standards and interpretations is set out below.

HKFRS 16 Leases

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the consolidated balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

Impact

The Group has set up a project team which has reviewed all of the Group's leasing arrangements over the last year in light of the new lease accounting rules in HKFRS 16. The standard will affect primarily the accounting for the Group's operating leases.

As at the reporting date, the Group has non-cancellable operating lease commitments of RMB10,366,000. Of these commitments, approximately RMB638,000 relate to short-term leases and RMB1,237,000 relate to low value leases which will both be recognised on a straight-line basis as expense in profit or loss.

For the remaining lease commitments the Group expects to recognise right-of-use assets of approximately RMB7,505,000 on 1 January 2019 and lease liabilities of approximately RMB7,505,000.

The Group expects that the impact on net profit will decrease by approximately RMB1,361,000 for 2019 due to the amortisation of right-of-use assets and interest recognised on lease liability under the new rules.

Operating cash flows will increase and financing cash flows will decrease by approximately RMB4,144,000 as repayment of the principal portion of the lease liabilities will be classified as cash flows used in financing activities.

The Group currently has no lessor business.

Date of adoption by Group

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on the foreseeable future transactions.

4. Critical accounting estimates and judgements

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 (Note 14). The Group used judgement 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 periods in which such estimate has been changed.

(b) Current tax and deferred tax

The Group is subject to income taxes in the PRC. Judgement 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 year 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 property management contracts and customer relationships and the recognition of goodwill arising from business combinations***

Significant judgements and estimates were involved in the fair value assessment of the identified property management contracts and customer relationships and the recognition of goodwill arising from business combinations. These significant judgements and estimates include the adoption of appropriate valuation methodologies and the use of key assumptions in the valuation (mainly gross profit margin, earnings before interest, tax, depreciation and amortisation ("**EBITDA**") margin, discount rate and expected lives of the property management contracts and customer relationships). See Notes 13 and 17 for more details.

5. 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.

During the year, the Group is principally engaged in the provision of property management services, community value-added services and value-added services to non-property owners in the PRC. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is used to make strategic decisions.

The major operating entity of the Group is domiciled in the PRC, over 95% of the Group's revenue was derived in the PRC during the year. The Group has a large number of customers, none of whom contributed 5% or more of the Group's revenue.

As at 31 December 2018 and 2017, over 95% of the Group's non-current assets were located in the PRC.

6. Revenue and cost of services

	Year ended 31 December			
	2018		2017	
	Revenue	**Cost of services**	Revenue	Cost of services
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Revenue from customer and recognized over time:				
Property management services	**3,445,489**	**2,347,831**	2,544,665	1,796,762
Community value-added services	**417,220**	**141,457**	241,818	102,197
Value-added services to non-property owners	**791,084**	**410,757**	328,016	186,161
Other services	**21,494**	**13,620**	7,353	1,146
	4,675,287	**2,913,665**	3,121,852	2,086,266

For the years ended 31 December 2018, revenue from CGH and its subsidiaries (the "**CGH Group**") contributed 16.8% (2017: 14.1%) of the Group's revenue. Other than the CGH Group, the Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the year ended 31 December 2018 and 2017.

(a) Contract liabilities

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

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Contract liabilities	**1,000,156**	556,880

(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.

(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	
	2018	2017
	RMB'000	*RMB'000*
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
— Property management services	**514,043**	383,472
— Value-added services to non-property owners	**2,430**	—
— Community value-added services	**277**	3,131
	516,750	386,603

(iii) Unsatisfied performance obligations

For property management services and value-added services to non-property owners, 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 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 no 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 2018, there were no incremental costs to obtain a contract (2017: nil).

7. Expenses by nature

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

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Employee benefit expenses	**2,433,798**	1,759,556
Cleaning expenses	**458,285**	266,476
Maintenance expenses	**199,989**	132,921
Utilities	**157,583**	120,836
Greening and gardening expenses	**77,547**	49,627
Office and communication expenses	**68,709**	38,570
Transportation expenses	**57,897**	48,419
Travelling and entertainment expenses	**52,803**	30,210
Depreciation and amortisation charges	**32,946**	19,056
Taxes and surcharges	**25,975**	19,801
Bank charges	**15,606**	10,270
Community activities expenses	**15,234**	9,302
Listing expenses	**11,564**	—
Professional service fees	**9,212**	10,515
Employee uniform expenses	**7,317**	16,498
Impairment of intangible assets	**5,431**	—
Net impairment losses on financial assets	**13,392**	4,171
Auditor's remuneration		
— Audit services	**4,100**	253
— Non-audit services	**620**	—
Other expenses	**65,423**	18,579
Total	**3,713,431**	2,555,060

8. Other gains — net

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Gains on disposal of investments in associates (i)	**12,579**	—
Revaluation gains on reclassification from investments in an associate to financial asset at fair value through other comprehensive income (i)	**4,313**	—
Gains/(losses) on disposal of property, plant and equipment	**121**	(43)
Others	**2,168**	1,315
	19,181	1,272

(i) In March 2018, the Group disposed of its 30% equity interests in Guangdong Shunde Fenghuang Youxuan Commercial Company Limited ("**Fenghuang Youxuan**") to a subsidiary of CGH, at a cash consideration of RMB6,000,000, and disposed of its 15.1% equity interests in Shenzhen Wangshenghuo Internet Technology Company Limited ("**Wangshenghuo**") to an independent third party at a cash consideration of RMB7,550,000, which resulted in an aggregate disposal gain of RMB12,579,000. The Group does not hold any interest in Fenghuang Youxuan after the disposal. The Group's remaining interest of 9.9% in Wangshenghuo was reclassified to financial asset at fair value through other comprehensive income as the Group can no longer exercise significant influence over it after the disposal, thus the remaining interest has remeasured to fair value upon losing of significant influence which resulted in a revaluation gain of RMB4,313,000.

9. Finance income

Finance income mainly represented the interest income derived from bank deposits.

10. Income tax expense

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Current income tax — PRC		
— Provision of current income tax	**169,631**	154,147
— Withholding income tax on profits distributed[(i)]	**11,600**	—
— Overprovision in previous years	**(58,309)**	—
	122,922	154,147
Deferred income tax		
— Corporate income tax	**(1,788)**	1,987
— Withholding income tax on profits to be distributed in future	**14,043**	11,600
	12,255	13,587
	135,177	167,734

(i) In May 2018, a principal subsidiary of the Group, Country Garden Property Services Co., Ltd ("**CG Property Services**") received the certificate of "High and New Technology Enterprise" under which it is entitled to a preferential income tax rate of 15% for the three years from 1 January 2017 to 31 December 2019. In prior year, income tax expense of CG Property Services was provided at the then enacted tax rate of 25%, therefore, the overprovision of income tax expense for the year ended 31 December 2017 of RMB58,309,000 was reversed in the year ended 31 December 2018, the related balance of tax recoverable as at 31 December 2018 was RMB7,988,000.

11. 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	
	2018	2017
Profit attributable to the owners of the Company *(RMB'000)*	**923,154**	401,743
Weighted average number of ordinary shares in issue *(thousands shares)*	**2,500,000**	2,500,000
Basic earnings per share *(RMB cents)*	**36.93**	16.07

(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. For the pre-listing share option scheme, 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.

	Year ended 31 December	
	2018	2017
Profit attributable to the owners of the Company *(RMB'000)*	**923,154**	401,743
Weighted average number of ordinary shares in issue *(thousands shares)*	**2,500,000**	2,500,000
Adjustments — pre-listing share option schemes *(thousands)*	**26,870**	—
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**2,526,870**	2,500,000
Diluted earnings per share *(RMB cents)*	**36.53**	16.07

12. Dividends

According to the shareholder's resolution of the Company dated 5 May 2018, a dividend of RMB3.76 cents per share totaling RMB93,900,000 was declared and paid to its then shareholder, Wise Fame in 2018.

The Board of Directors recommended the payment of a 2018 final dividend of RMB8.49 cents per share, totaling RMB230,790,000, which has taken into account the effects of placing of the Company's shares in January 2019 and the expected exercise of share options as of the record date for the eligible shareholders. Such dividend is to be approved by the shareholders at the forthcoming Annual General Meeting. These financial statements do not reflect this dividend payable.

13. Intangible assets

	Software	Property management contracts and customer relationships	Goodwill	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
		(i)	*(ii) & (iii)*	
At 1 January 2017				
Cost	3,382	—	—	3,382
Accumulated amortisation	(1,343)	—	—	(1,343)
Net book amount	2,039	—	—	2,039
Year ended 31 December 2017				
Opening net book amount	2,039	—	—	2,039
Acquisition of subsidiaries	—	11,980	2,570	14,550
Other additions	5,821	—	—	5,821
Amortisation	(997)	(555)	—	(1,552)
Closing net book amount	6,863	11,425	2,570	20,858
At 31 December 2017				
Cost	9,203	11,980	2,570	23,753
Accumulated amortisation	(2,340)	(555)	—	(2,895)
Net book amount	6,863	11,425	2,570	20,858
Year ended 31 December 2018				
Opening net book amount	**6,863**	**11,425**	**2,570**	**20,858**
Acquisition of subsidiaries (Note 17)	**3**	**154,689**	**505,362**	**660,054**
Other additions	**16,325**	**—**	**—**	**16,325**
Amortisation	**(2,049)**	**(3,450)**	**—**	**(5,499)**
Impairment	**—**	**(2,861)**	**(2,570)**	**(5,431)**
Closing net book amount	**21,142**	**159,803**	**505,362**	**686,307**
At 31 December 2018				
Cost	**25,531**	**166,669**	**507,932**	**700,132**
Accumulated amortisation	**(4,389)**	**(4,005)**	**—**	**(8,394)**
Accumulated impairment	**—**	**(2,861)**	**(2,570)**	**(5,431)**
Net book amount	**21,142**	**159,803**	**505,362**	**686,307**

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

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Cost of services	**3,450**	555
General and administrative expenses	**2,049**	997
	5,499	1,552

(i) Property management contracts and customer relationships

During the year ended 31 December 2018, a subsidiary of the Group acquired several companies (Note 17). Total identifiable net assets of these entities acquired as at their respective acquisition dates were amounted to RMB203,455,000, including identified property management contracts and customer relationships of RMB154,689,000 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 is recorded as goodwill.

A valuation was performed by an independent valuer to determine the fair value of the identified property management contracts and customer relationships. The valuation method used is the multi-period excess earnings method. The key assumptions in determining the fair value of property management contracts and customer relationships are disclosed as follows:

Gross profit margin	20.5%–32.5%
EBITDA margin	6.8%–11.4%
Post-tax discount rate	14.2%

(ii) Impairment tests for goodwill arising from business combinations in prior year

Goodwill of RMB2,570,000 has been allocated to the cash-generating units ("**CGUs**") of the subsidiaries acquired last year for impairment testing. Management performed an impairment assessment on the goodwill as at 31 December 2018. The recoverable amounts of these subsidiaries are determined based on value-in-use calculations.

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	27.2%
EBITDA margin during the projection period	12.4%
Terminal growth rate	3.0%
Pre-tax discount rate	19.4%

Based on management's assessment on the recoverable amounts of the subsidiaries acquired in prior year, full impairment provision of RMB2,570,000 on goodwill and a further impairment of RMB2,861,000 on the property management contracts and customer relationships acquired were made as at 31 December 2018.

(iii) Impairment tests for goodwill arising from business combinations in current year

Goodwill of RMB505,362,000 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 value-in-use calculations.

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 rates during the projection period	1.5%–8.0%
Gross profit margins during the projection period	24.5%–37.5%
EBITDA margins during the projection period	10.6%–20.5%
Terminal growth rate	3.0%
Pre-tax discount rates	16.8%–18.0%

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 2018.

14. Trade and other receivables

	As at 31 December 2018 RMB'000	2017 RMB'000
Trade receivables (a)		
— Related parties	**66,844**	16,474
— Third parties	**533,806**	378,685
	600,650	395,159
Less: allowance for impairment of trade receivables	**(33,166)**	(23,550)
	567,484	371,609
Other receivables		
— Related parties	**—**	233,489
— Payments on behalf of property owners	**105,845**	59,493
— Tax recoverable (Note 10)	**7,988**	—
— Others	**81,652**	32,268
	195,485	325,250
Less: allowance for impairment of other receivables	**(4,976)**	(2,625)
	190,509	322,625
Prepayments to suppliers	**25,164**	7,314
Prepayments for tax	**4,902**	10,786
	788,059	712,334

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

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

For value-added services to non-property owners, customers are generally given a credit term of up to 60 days.

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

	As at 31 December 2018 RMB'000	2017 RMB'000
0 to 180 days	**376,969**	190,479
181 to 365 days	**75,563**	95,038
1 to 2 years	**82,430**	67,379
2 to 3 years	**38,305**	23,365
Over 3 years	**27,383**	18,898
	600,650	395,159

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2018, a provision of RMB33,166,000 (2017: RMB23,550,000) was made against the gross amounts of trade receivables.

15. Share capital

		Number of shares	Nominal value of shares	Equivalent nominal value of shares
				RMB'000
Authorised				
Ordinary share of HKD0.10 each upon incorporation	(a)	**3,800,000**	**380,000**	
Cancellation of ordinary share of HKD0.10 each	(b)	**(3,800,000)**	**(380,000)**	
Increase in authorised share capital of USD$0.0001 each	(b)	**10,000,000,000**	**1,000,000**	
		10,000,000,000	**1,000,000**	
Issued and fully paid				
At 6 March 2018, issue of HKD0.10 each		**2**	**—**	**—**
At 13 March 2018, issue of HKD0.10 each	(b)	**76**	**8**	**—**
At 13 March 2018, repurchase of HKD0.10 each	(b)	**(78)**	**(8)**	**—**
At 13 March 2018, issue of USD0.0001 each	(b)	**10,000**	**1**	**—**
At 13 March 2018, issue of USD0.0001 each	(c)	**2,499,990,000**	**249,999**	**1,584**
At 31 December 2018		**2,500,000,000**	**250,000**	**1,584**

(a) The Company was incorporated in the Cayman Islands on 24 January 2018 with authorised and issued share capital of HKD380,000 divided into 3,800,000 ordinary shares of HKD0.10 each, among which one nil-paid share was issued and held by Wise Fame.

(b) On 13 March 2018, a written resolution was passed by the Company's shareholders, approving (i) the application for 76 Shares of HKD0.10 each, to be issued as fully paid at par, from Wise Fame; (ii) the increase of the authorised share capital to USD1,000,000.00 divided into 10,000,000,000 shares of a par value of USD0.0001 each (the "**Increase of the Authorised Share Capital**"); (iii) the allotment of 10,000 Shares of USD0.0001 each, issued as fully paid at par, to Wise Fame (the "**Allotment of US Shares**"), which was the funding for the Repurchase (as defined below); (iv) that the Company repurchased the 78 fully paid shares of a par value of HKD0.10 each (the "**HK Shares**") in the share capital of the Company in issue immediately prior to the Increase of the Authorised Share Capital at a price of HKD0.10 per HK Share which was paid out of the proceeds of the Allotment of US Shares mentioned above (the "**Repurchase**") and the HK Shares were cancelled; and (v) that upon completion of the Repurchase, all authorised but unissued shares of HKD0.10 each of the Company were diminished by the cancellation of all the 3,800,000 unissued shares of a par value of HKD0.10 each in the share capital of the Company.

(c) On 13 March 2018, a written resolution was passed by the Company's shareholders, approving the Company's allotting and issuing of a total of 2,499,990,000 shares credited as fully paid at a par value of USD0.0001 each to Wise Fame. Upon completion, the total issued capital of the Company was USD250,000 divided into 2,500,000,000 shares of USD0.0001 each.

16. Trade and other payables

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Trade payables (a)		
— Related parties	**8,782**	18,468
— Third parties	**341,893**	220,532
	350,675	239,000
Other payables		
— Related parties	**—**	439
— Deposits	**382,652**	274,249
— Temporary receipts from properties owners	**460,159**	314,763
— Accruals and others	**277,160**	64,606
	1,119,971	654,057
Payroll payables	**553,354**	402,234
Other taxes payables	**36,176**	19,614
	2,060,176	1,314,905

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

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Up to 1 year	**328,465**	228,629
1 to 2 years	**13,779**	5,080
2 to 3 years	**3,121**	1,479
Over 3 years	**5,310**	3,812
	350,675	239,000

17. Business combinations

In November 2018, the Group acquired 70% equity interest in Beijing Shengshi Property Service Company Limited ("**Shengshi**") and 100% equity interest in Shanghai Ruijing Industrial Company Limited ("**Ruijing**") from third parties at a fixed cash considerations of RMB252,000,000 and RMB218,520,000, respectively. Additionally, the Group also acquired several other property management companies from third parties during the current year at an aggregate fixed cash considerations of RMB197,375,000 and a contingent cash consideration of not more than RMB18,000,000. The above acquired companies have been accounted for as subsidiaries of the Group since their respective acquisition dates.

The acquired companies' principal activities are property management and related services in the PRC. Details of the purchase considerations, the net assets acquired and goodwill are as follows:

	Shengshi	Ruijing	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total purchase considerations				
— Fixed cash considerations	252,000	218,520	197,375	667,895
Settled in 2018	252,000	152,964	138,043	543,007
Outstanding as at 31 December 2018	—	65,556	59,332	124,888
— Estimated contingent cash consideration	—	—	7,681	7,681
	252,000	218,520	205,056	675,576

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

	Shengshi	Ruijing	Others	Total
— Property, plant and equipment	4,167	617	1,534	6,318
— Property management contracts and customer relationships (Note (13))	80,026	36,576	38,087	154,689
— Other intangible assets	—	—	3	3
— Investment in a joint venture	—	—	980	980
— Trade and other receivables	126,551	61,734	53,215	241,500
— Inventories	714	346	396	1,456
— Financial assets at fair value through profit and loss	65,000	1,949	7,000	73,949
— Cash and cash equivalents	90,020	29,730	19,417	139,167
— Contract liabilities	(80,267)	(11,149)	(7,468)	(98,884)
— Trade and other payables	(160,904)	(60,423)	(55,724)	(277,051)
— Deferred income tax liabilities	(20,007)	(9,144)	(9,521)	(38,672)
Total identifiable net assets	105,300	50,236	47,919	203,455
Non-controlling interests	(31,590)	—	(1,651)	(33,241)
Goodwill	178,290	168,284	158,788	505,362
	252,000	218,520	205,056	675,576

Outflow of cash to acquire business, net of cash acquired:

	Shengshi	Ruijing	Others	Total
— Partial settlement of cash considerations	252,000	152,964	138,043	543,007
— Cash and cash equivalents in the subsidiaries acquired	(90,020)	(29,730)	(19,417)	(139,167)
Net cash outflow on acquisitions	161,980	123,234	118,626	403,840

(a) Intangible assets including identified property management contracts and customer relationships of RMB154,689,000 in relation to the acquisitions have been recognised by the Group (Note 13).

(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 RMB72,304,000 and net profits of RMB2,389,000 to the Group for the period from their respective acquisition dates to 31 December 2018.

(d) The revenues and net profits of these acquired companies for the year ended 31 December 2018 were RMB772,169,000 and RMB82,571,000 respectively. Had these companies been consolidated from 1 January 2018, the consolidated statements of comprehensive income would show pro-forma revenue of RMB5,375,152,000 and net profit of RMB1,014,392,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

The Group is a leading residential property management service provider in China. It had the honor of ranking No. 1 among Chinese Community Service Providers in 2018 according to YIHAN ZHIKU (億翰智庫) and No.1 among the Top 100 Property Management Companies in China in terms of operational performance, according to China Index Academy.

The Group owns three main business lines, namely (i) property management services, (ii) community value-added services, and (iii) valued-added services to non-property owners, which form an integrated service offered by us to our customers and cover the entire value chain of property management.

Property Management Services

We provide a range of property management services to property owners, residents and property developers, including security, cleaning, greening, gardening and repair and maintenance services, with a current focus on residential communities. Our property management portfolio also covers non-residential properties, including commercial properties, office buildings, multi-purpose complexes, government, hospitals, other public facilities, industrial parks, highway service stations, parks, scenic areas and schools.

We own a large property management portfolio, and our projects cover more than 280 cities across 31 provinces, municipalities and autonomous regions in China as well as in Malaysia with total contracted GFA of approximately 505.0 million sq.m. as at 31 December 2018. We managed 840 properties and provided property management services to approximately 1.4 million property owners with an aggregate revenue-bearing GFA of approximately 181.5 million sq.m. of which the revenue-bearing GFA of Malaysia was 1.1 million sq.m. During the Year, our collection rate remained at the same high level as compared to the same period of last year, and reached 95.37%, representing a continuing increase of 0.92 percentage points.

Community Value-added Services

In respect of community value-added services, we are committed to becoming an "integrated whole-cycle community life services operator" by focusing on the mature development cycle of communities, the family growth cycle of property owners and the property value cycle to provide comprehensive community value-added services to property owners. In 2018, our community value-added businesses witnessed a profit-making and large-scale development in the fields including real estate agency, property supporting services, community media, community housekeeping service and community area operation. We have proactively expanded in the areas including real estate short-term lease, community group purchase and community insurance, and strived to explore the market potential. For the year ended 31 December 2018, the revenue generated from community value-added services amount to approximately RMB417.2 million, accounted for 8.9% of the Group's total revenue. The revenue contribution recorded a continuous increase over the last three years. In the past three years, in view of the daily needs of property owners, we have been actively promoting this business segment in both old and new communities to provide a wide range of community value-added services to owners and residents of the properties under management, including: (i) home living services, such as purchase assistance, housekeeping, greening, gardening, turn-key furnishing and move-in, group purchase and other bespoke services; (ii) real estate brokerage services, including real estate agency, real estate investment consultancy, property short-term lease, hosting services and property insurance; and (iii) community area services, including venue operation and community media. We have further improved our business system and possessed the capability of sustainable development. The revenue structure of our community value-added services business has been constantly optimized, and both balanced development and sustainable operation capability have been significantly improved. During the Year, revenue from the principal businesses in the value-added services segment grew significantly faster than that of the property management service for the same period.

Value-added Services to Non-property Owners

For the Year, the value-added services to non-property owners accounted for approximately 16.9% of the Group's total revenue, representing an increase of approximately 6.4 percentage points as compared to that of the same period of 2017.

The value-added services to non-property owners we provided mainly include (i) consultancy services to property developers for their pre-sale activities, as well as consultancy services for properties managed by other property management companies, (ii) cleaning, greening, repair and maintenance services to property developers at the pre-delivery stage, and (iii) sales and leasing agency services of unsold parking spaces and properties.

New blue ocean of the "Three Supplies and Property Management" Reform

In 2018, The Group has set up a joint venture company and started to enter the field of "Three Supplies (water, electricity and heat supply) and Property Management" separation and transfer reform (the "**Three Supplies and Property Management**" Reform). During the Year, we have started to take over the property management and heating supply business, which will start to generate revenue in 2019. The property management projects which we have started to take over will cover 53 cities in 11 provinces nationwide, and will have a total GFA under management of approximately 90.2 million square meters; the heating supply projects will cover 8 cities in 6 provinces nationwide, and will have a total GFA under management of approximately 41.7 million square meters.

PROSPECTS AND FUTURE PLANS

From urban management to urban governance, the year of 2019 may become the "first year of urban services"

As the urban development under the background of industry and city integration requires high-quality urban management and urban governance innovation, relying on CG Services's 27 years of experience in the operation of large-scale projects located in new cities, we hope to actively participate in the marketization competition in the field of urban public services and improve the efficiency of urban public services to promote the solution of "urban diseases" and drive the sustainable urban development by combining its advantages in digital scenario operation in public space.

Early in 2015 when CG Services initiated the marketization, we innovatively entered into a strategic cooperative relationship of urban services with the Municipal Government of Hancheng, Shaanxi province. Based on the practice of previous urban service projects in Hancheng and other cities, we launched the Urban Services 2.0 Product System — CG Services urban coexistence program in 2018, which mainly includes three service portfolios of urban public services, digital city integrated management services and industrial coordinated operation services, and aims to provide a set of functional, economical and practical integrated public service solutions for the city by deeply expanding the upstream and downstream industrial chains of modern urban services.

At present, CG Services has executed strategic framework agreements with several cities, including Kaiyuan city and Xichang city, among which the project in Kaiyuan has entered the implementation stage and achieved certain initial results.

CG Services, as an explorer of new types of urban governance and public services, is committed to cooperating with city administrators, citizens and ecological partners of urban governance and public service to create a new urban governance pattern of co-construction, co-governance and sharing.

Further expand our cornerstone property management business

We will continue to expand our business and further increase our market share in the industry by increasing the number of properties under our management and the total contracted GFA. With years of cooperation with the CGH Group, as well as our business development ability for third-party projects. We have extensive project coverage and large contracted GFA. In addition, we also diversified our portfolio with different business forms and urban services, in order to achieve a multi-layered organic growth.

With the support of resource advantages, we will continue to improve our ability to operate across the country, assist the water, electricity and heat supply and property management reform of state-owned enterprises, and continue to deeply explore this area in the future to exert our own advantages, which is also one of the driving forces for the future growth of CG Services. With our brand value and service quality, we are able to secure new business from independent property developers and obtain business opportunities from the pre-delivery service provided to non-property owners to achieve our business expansion. We will selectively evaluate opportunities in areas around our existing business locations to maximize economies of scale and maintain a reasonable balance between the geographic coverage and the level of profitability of our property management services. To diversify our property management portfolio and revenue streams, we also plan to provide comprehensive property management services to an increasing number of non-residential properties such as commercial properties, industrial properties, urban services, industrial parks, science parks, educational institutions, highway service stations, featured towns, governments and public facilities through our strengthened strategic cooperation with various business partners. As the current trend of the property industry mainly features the constant enhancement of the scale advantages of leading enterprises, continuous innovation of value-added businesses and the further strengthening of industry clustering trend, we will selectively invest in cooperate with or acquire other property management companies, and focus on selecting partners who have consistent brand image and market positioning with us, so as to effectively achieve the extension and deepening of service content and property management portfolio and achieve advantage complementation with one another.

Strive to develop a personalized community environment and explore the potential of value-added services to enhance customer experience and value creation ability

Under the environment where the total amount of community resources is relatively fixed, the scale advantages of CG Services will be further highlighted in the value-added businesses, and properties companies with larger management scale will show greater platform value in the future.

We always give top priority to the needs of the property owners and residents. We will vigorously develop our value-added services business with a focus on customers' living conditions to comprehensively improve customer living experience and satisfaction, and enhance our service innovation and value-creation ability in building a personalized community ecosphere. We will also design differential service packages according to the diversified needs of our customers in order to improve our operational efficiency and brand image. We believe that these professional measures will help create progressive changes and systematically improve our service efficiency and quality. We will seek to maintain and explore more cooperation opportunities with leading third-party merchants in the industry in order to provide selected products and services to our property owners and residents. We will continue to strengthen the integration with our butler-style services and community value-added services to improve customer experience. Leveraging on our existing experience, we will further expand our value-added services to property owners to better meet their needs in the entire value chain of property development.

Realize high service quality and optimize our cost efficiency with smart management and standardized operation

The property management industry is in the transition stage to the modern service industry. We will continue to provide our customers with quality services through our standardized, automated and smart management and the sophisticated information system and effectively control our costs while improving the operational efficiency.

The measures that we have expanded the coverage of our various automated and smart management include the upgrading of the IRBA system for the smart face recognition for visitor access and the management of parking lots and the upgrading of the internal information ERP system for property management. Such measures can enable relevant systems to be featured with more standard modularized management functions to conduct big data analysis, the management of customer relationship, etc. This will cover a full range of our customer service contact points to facilitate our day-to-day operations and ensure a more centralized quality control and internal management from our headquarter to all of our regional projects. We have designed our advanced property management system to assist in the collection and management of first-hand customer data and service records from our managed properties, so that we can analyze customer needs and behavior patterns when developing our customer-oriented business models and strategies.

Material Acquisitions

The Company currently has a large area of reserved GFA and is well positioned to have access to acquire GFA. Since the Listing, the Company has been closely focusing on the merger and acquisition opportunities in the market and prudently assessing the matching degree of each project with the existing businesses of the Company and their potential profitability. During the Year, we completed several material equity acquisitions (details are set out in Note 17 to the consolidated financial statements). These acquisitions will enable CG Services to further expand the scale and the scope of its business, deepen the synergy with the existing projects and achieve the complementary effect among regions and industries.

FINANCIAL REVIEW

Revenue

The Group's revenue is mainly derived from three main business lines, namely (i) property management services, (ii) community value-added services and (iii) value-added services to non-property owners. For the year ended 31 December 2018, the total revenue increased by approximately 49.8% to approximately RMB4,675.3 million from approximately RMB3,121.9 million for the year ended 31 December 2017.

(1) Property management services

During the Year, the revenue from property management services increased by approximately 35.4% to approximately RMB3,445.5 million from approximately RMB2,544.7 million for the year ended 31 December 2017, accounting for approximately 73.7% of the total revenue (corresponding period in 2017: approximately 81.5%).

The table below sets out the breakdowns of (i) our revenue-bearing GFA, and (ii) our revenue generated from the management of properties developed by the CGH Group and independent third-party property developers respectively, as at the dates or for the periods indicated:

	For the year ended/As at 31 December 2018				For the year ended/As at 31 December 2017			
	Revenue *(RMB'000)*	*(%)*	**Revenue-bearing GFA** *('000 sq.m.)*	*(%)*	Revenue *(RMB'000)*	*(%)*	Revenue-bearing GFA *('000 sq.m.)*	*(%)*
Properties developed by the CGH Group	**3,054,342**	**88.6**	**145,475**	**80.1**	2,348,756	92.3	109,427	89.1
Properties developed by independent third-party property developers	**391,147**	**11.4**	**36,033**	**19.9**	195,909	7.7	13,331	10.9
Total	**3,445,489**	**100.0**	**181,508**	**100.0**	2,544,665	100.0	122,758	100.0

The revenue-bearing GFA increased by approximately 58.7 million sq.m. from approximately 122.8 million sq.m. for the same period in 2017 to approximately 181.5 million sq.m.; among which, the revenue-bearing GFA from management of properties developed by independent third-party property developers increased by 170.3%, and its percentage of the total revenue-bearing GFA increased by 9 percentage points from 10.9% for the same period in 2017 to 19.9%.

(2) Community value-added services

During the Year, the revenue from community value-added services increased by approximately 72.5% to approximately RMB417.2 million from approximately RMB241.8 million for the year ended 31 December 2017, accounting for approximately 8.9% of the total revenue (corresponding period in 2017: approximately 7.7%).

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

(a) During the Year, the revenue from home living services increased by approximately 101.7% to approximately RMB251.2 million from approximately RMB124.5 million for the year ended 31 December 2017.

(b) During the Year, the revenue from real estate brokerage services increased by approximately 28.0% to approximately RMB106.0 million from approximately RMB82.8 million for the year ended 31 December 2017.

(c) During the Year, the revenue from community area services increased by approximately 73.9% to approximately RMB60.0 million from approximately RMB34.5 million for the year ended 31 December 2017.

As discussed above, we are committed to becoming an "integrated whole-cycle community life services operator" through the provision of comprehensive community value-added services to property owners. On one hand, the continued increase in the area under management of our property management services business brought about a growing customer base for the development of community value-added services. On the other hand, we further optimised our business structure by tapping into the demand of community ecosphere, while introducing strategic partners and carrying out standardised management, so as to achieve win-win situation in terms of business revenue.

(3) Value-added services to non-property owners

During the Year, the revenue from value-added services to non-property owners increased by approximately 141.2% to approximately RMB791.1 million from approximately RMB328.0 million for the same period in 2017, accounting for approximately 16.9% of the total revenue (corresponding period in 2017: approximately 10.5%).

The increase in value-added services to non-property owners was mainly due to the fact that (i) CGH Group recorded good sales results in 2018 and the number of projects covered by the Group's consultancy services for pre-sales activities increased significantly and the business model of some projects changed from commission basis to lump sum basis; (ii) the Group recorded additional income of approximately RMB66.7 million as it was commissioned by CGH Group to collect agency fees for the sales and leasing agency services of unsold parking spaces and properties since 18 September 2018; (iii) the Group achieved growth in pre-delivery cleaning and other services.

Cost of Services

The Group's cost of services includes (i) staff cost, (ii) cleaning cost, (iii) maintenance cost, (iv) utilities, (v) greening and gardening cost, (vi) transportation cost, (vii) office and communication cost, (viii) taxes and surcharges, (ix) employee uniform cost, (x) depreciation and amortisation charges, (xi) community activities cost, (xii) travelling and entertainment cost and (xiii) others. During the Year, the cost of services was approximately RMB2,913.7 million, representing an increase of approximately 39.7% as compared with approximately RMB2,086.3 million for the year ended 31 December 2017.

Such increase was mainly due to the rapid increase in our revenue-bearing GFA which led to the increase in corresponding costs.

Gross Profit and Gross Profit Margin

During the Year, the overall gross profit increased by approximately RMB726.0 million to approximately RMB1,761.6 million from approximately RMB1,035.6 million for the year ended 31 December 2017.

During the Year, the overall gross profit margin increased by 4.5 percentage points to approximately 37.7% from approximately 33.2% for the year ended 31 December 2017, which was mainly due to the increase in the gross profit margin of the three main business lines.

(i) Property management services

During the Year, the gross profit margin of property management services increased by 2.5 percentage points to approximately 31.9% from approximately 29.4% for the year ended 31 December 2017, which was mainly due to (i) the increase in project density of the Group, which helped to achieve intensive management and (ii) the effect of outsourcing, the community intelligentisation and measures adopted to reduce costs and increase efficiency, such as energy-saving renovation.

(ii) Community value-added services

During the Year, the gross profit margin of community value-added services increased by 8.4 percentage points to approximately 66.1% from approximately 57.7% for the year ended 31 December 2017, which was mainly due to the fact that (i) the Group further optimized the business structure and promoted the businesses with lower staff cost and higher gross profit margin; (ii) during the Year, as the Group introduced a large number of strategic partners, the gross profit from the home living services and community area services grew significantly.

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

During the Year, the gross profit margin of value-added services to non-property owners increased by 4.9 percentage points to approximately 48.1% from approximately 43.2% for the year ended 31 December 2017, which was mainly due to the gross profit margin from providing the sales and leasing agency services of unsold parking spaces and properties for CGH Group was higher than that from consultancy services to property developers for their pre-sale activities. On the other hand, lump sum basis was adopted in providing consulting services to some projects and pre-delivery cleaning and other services with low profit margin grew, resulting in slight decrease in gross profit margin in the second half.

Selling and Marketing Expenses

During the Year, selling and marketing expenses were approximately RMB26.6 million, representing an increase of approximately 183.0% as compared with approximately RMB9.4 million for the year ended 31 December 2017.

The increase in selling and marketing expenses were mainly attributable to the increase in labor costs as the Group recruited more marketing personnel and adjusted related incentive policies to further increase the number of projects developed by independent third-party property developers.

General and Administrative Expenses

During the Year, general and administrative expenses were approximately RMB759.7 million, representing an increase of approximately 66.9% as compared with approximately RMB455.3 million for the year ended 31 December 2017.

The increase in general and administrative expenses were mainly due to (i) the retention of more supporting personnel responsible for headquarter functions and other central management services, as a result of the increase in the total revenue-bearing GFA of the Group as it expanded its business scale, and (ii) the listing expenses and share-based compensation expenses incurred during the Year in relation to the listing of the Group in Hong Kong of approximately RMB11.6 million and RMB20.5 million, respectively.

Other Income

During the Year, other income was approximately RMB31.1 million, representing an increase of approximately 137.4% as compared with approximately RMB13.1 million for the year ended 31 December 2017.

The increase in other income was mainly attributable to (i) the return of approximately RMB9.4 million on the financial management products we purchased during the Year; and (ii) the one-off government grants of approximately RMB6.0 million from Foshan Municipal Government and district departments as supportive fund for enterprises.

Other Gains — Net

During the Year, other gains — net were approximately RMB19.2 million, representing an increase of approximately RMB17.9 million as compared with approximately RMB1.3 million for the year ended 31 December 2017.

The increase was mainly due to the gain of approximately RMB12.6 million from disposal of certain equity interests in two associated companies, namely Fenghuang Youxuan and Wangshenghuo during the Year, and the revaluation gain of RMB4.3 million on reclassification from investment in an associate to financial asset at their fair value through other comprehensive income.

Finance Income — net

During the Year, finance income — net was approximately RMB53.8 million, representing an increase of approximately 53.7% as compared with approximately RMB35.0 million for the year ended 31 December 2017.

The increase in finance income — net was due to the increase in interest income derived from deposits, mainly benefiting from a higher cash level and more efficient deposit management as compared to that as at the end of the corresponding period last year.

Share Option Scheme

The “Pre-Listing Share Option Scheme” was approved by the shareholders’ meeting of the Company held on 13 March 2018. On 21 May 2018, 71,302,000 share options and 61,646,000 share options (132,948,000 shares options in total) were granted to certain directors, senior management and employees of CGH and the Group respectively at the exercise price of HK$0.94 per share. The share-based compensation expenses charged to profit or loss for the year ended 31 December 2018 were approximately RMB20.5 million.

Income Tax Expense

During the Year, income tax expense was approximately RMB135.2 million, representing a decrease of approximately 19.4% as compared with approximately RMB167.7 million for the year ended 31 December 2017.

The decrease in income tax expense was mainly due to the fact that our PRC subsidiary CG Property Services received the certificate of “High and New Technology Enterprise” and the preferential income tax rate of 15% in May 2018, and thus the overprovision for income tax expense for the year ended 31 December 2017 of RMB58,309,000 was reversed during the year ended 31 December 2018.

Profit for the Year

During the Year, net profit of the Group was approximately RMB934.2 million, representing an increase of approximately 112.1% as compared with the net profit of approximately RMB440.5 million for the year ended 31 December 2017.

During the Year, profit attributable to the owners of the Company increased from approximately RMB401.7 million for the year ended 31 December 2017 to approximately RMB923.2 million, representing an increase of approximately 129.8%.

During the Year, profit attributable to the non-controlling interests of the Company decreased by approximately 71.3% from approximately RMB38.7 million for the year ended 31 December 2017 to approximately RMB11.1 million.

Property, Plant and Equipment

Property, plant and equipment of the Group comprise transportation equipment, machinery equipment, electronic equipment, office equipment and other fixed assets. As at 31 December 2018, the property, plant and equipment of the Group was approximately RMB113.0 million, representing an increase of approximately RMB34.4 million from approximately RMB78.6 million as at 31 December 2017, mainly due to an increase in the purchase of transportation equipment, machinery equipment and electronic equipment for the purpose of meeting the requirements of the Group's business development during the Year, which was partly offset by the depreciation during the Year.

Intangible Assets

The intangible assets of the Group mainly comprise goodwill and property management contracts and customer relationships arising from the business combinations, and software assets.

As at 31 December 2018, the intangible assets of the Group were approximately RMB686.3 million, representing an increase of RMB665.4 million compared to approximately RMB20.9 million as at 31 December 2017, which was mainly due to several material equity acquisitions completed by the Group during the Year, resulting in goodwill of approximately RMB505.4 million and property management contracts and customer relationships of approximately RMB154.7 million.

Trade and Other Receivables

Trade and other receivables include trade receivables, other receivables and prepayments.

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

As at 31 December 2018, the Group recorded total trade receivables of approximately RMB567.5 million, representing an increase of approximately RMB195.9 million as compared with approximately RMB371.6 million as at 31 December 2017, due to a significant increase in the total revenue of the Group during the Year.

Other receivables decreased from approximately RMB322.6 million as at 31 December 2017 to approximately RMB190.5 million as at 31 December 2018, mainly due to the settlement of receivables from related parties of RMB233.5 million.

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 RMB556.9 million as at 31 December 2017 to approximately RMB1,000.2 million as at 31 December 2018, representing an increase of approximately RMB443.3 million, primarily due to an increase in the revenue-bearing GFA of the Group 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 2018, trade payables of the Group were approximately RMB350.7 million, representing an increase of approximately RMB111.7 million as compared with approximately RMB239.0 million as at 31 December 2017, primarily due to an increase in the procurement costs driven up by the increase in the revenue of the Group during the Year.

Other payables primarily include (i) deposits from property owners in relation to interior decorations, (ii) temporary receipts from properties owners mainly consisting of utilities fees collected from properties owners and income generated from community area services that belongs to properties owners and (iii) accruals and others mainly in relation to withholding funds for utilities and reimbursement and outstanding consideration payables for business combination.

Other payables increased from approximately RMB654.1 million as at 31 December 2017 to approximately RMB1,120.0 million as at 31 December 2018, primarily due to the effects of the increases in the balances of outstanding consideration payables for business combination, and deposits from property owners for interior decorations and the income generated from community area services that belongs to properties owners.

Liquidity, Financial and Capital Resources

As at 31 December 2018, total bank deposits and cash (including restricted bank deposits) of the Group were approximately RMB3,874.3 million, representing an increase of approximately RMB1,237.2 million as compared with approximately RMB2,637.1 million as at 31 December 2017. Out of the total bank deposits and cash of the Group, restricted bank deposits of approximately RMB5.4 million (as at 31 December 2017: approximately RMB2.8 million) mainly represented the cash deposits in bank as performance security for property management services according to the requirements of local government authorities.

Our financial position remained sound. As at 31 December 2018, the net current assets of the Group was approximately RMB1,543.7 million (as at 31 December 2017: approximately RMB1,435.0 million). The current ratio (current assets/current liabilities) of the Group was 1.5 times (as at 31 December 2017: 1.7 times).

For the year ended 31 December 2018, the Group did not have any loan or borrowing.

Foreign Exchange Risk

The Group principally focused on its business in the PRC. Except for the bank deposits and trade receivables denominated in foreign currencies, the Group was not subject to any other material risk directly relating to foreign exchange fluctuation. During the Year, the Directors expected that fluctuations of the RMB exchange rate would not materially and adversely affect the operations of the Group. The management will continue to monitor the foreign exchange exposure, and take prudent measures to reduce foreign exchange risks.

Employees and Remuneration Policies

As at 31 December 2018, the Group had 33,609 employees (as at 31 December 2017: 23,961 employees). During the Year, the total staff costs were approximately RMB2,433.8 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 within the general framework of the Group's salary and bonus system. 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, a 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. The Group has also adopted a share option scheme, details of which are disclosed in the paragraph headed "Pre-listing Share Option Scheme" in this announcement.

Employee Training and Development

The Group organized various special talent training camps, quality development training, cross-district exchange and learning, video conferences, seminars, etc. We also evaluated and fed back the training effectiveness by means of training assessment, implementation of key tasks, rotation practice, etc.

During the Year, the Company held various kinds of trainings, the number of participants reached approximately 280,000 person-time and a total of hundreds of thousands of training hours, of which 27 trainings were for developing talents. This has effectively enhanced the management level of all senior management and the service ability of our frontline staff and further optimized our talent structure to make our talent team more accordant with the business development of the Company.

Dividend Distribution

According to the shareholder's resolution of the Company dated 5 May 2018, a dividend of RMB3.76 cents per share totaling RMB93,900,000 was declared and paid to its then shareholder, Wise Fame in May 2018.

The Board of Directors recommended the payment of a 2018 final dividend of RMB8.49 cents per share, totaling RMB230,790,000, which has taken into account the effects of placing of the Company's shares in January 2019 and the expected exercise of share options as of the record date for the eligible shareholders. Such dividend is to be approved by the shareholders at the forthcoming Annual General Meeting. These financial statements do not reflect this dividend payable.

Charge on Assets

As at 31 December 2018, the Group did not have any charges on its assets.

Contingent Liabilities

As at 31 December 2018, the Group did not have any material contingent liabilities.

AUDITOR

The Company has not changed its auditor during any of the past three years.

EVENTS SUBSEQUENT TO THE YEAR

On 11 January 2019, the Company entered into an agreement with the placing agent, J.P. Morgan Securities PLC, and the vendor, Concrete Win Limited ("**Concrete Win**"), pursuant to which, the placing agent conditionally agreed to place, on a fully underwritten basis, 168,761,000 existing shares of the Company at the placing price of HK$11.61 per share and Concrete Win conditionally agreed to subscribe at the placing price for the same number of new shares as the placing shares placed by the placing agent. The Directors consider that the placing and the subscription represents an opportunity to raise capital for the Company while broadening its shareholder and capital base. The Company intends to apply 70% of the net proceeds from the proposed placing for mergers and acquisitions projects to expand geographical coverage or service scope within the Company's core businesses or related businesses, and the remaining 30% for investments in technology and intellectualization, investments in urban services and value-added services new business development. On 24 January 2019, the Company completed the placing of the existing Shares as well as the subscription of new Shares and allotment and issuance of Shares under the general mandate. The net proceeds received by the Company after deducting relating fees and expense, were approximately HKD1,939 million.

In January 2019, the Group entered into equity transfer agreements with certain independent third parties to acquire 100% equity interest in each of Shanghai Lianyuan Property Development Company Limited*(上海聯源物業發展有限公司)("**Shanghai Lianyuan**") and Guangdong Yuanhai Asset Property Investment Management Company Limited*(廣東元海資產物業投資管理有限公司) ("**Guangdong Yuanhai**") at a cash consideration of RMB136 million and RMB100 million, respectively (the "**Acquisitions**"). The Acquisitions have not been completed as of the date of this announcement. Shanghai Lianyuan and Guangdong Yuanhai will become subsidiaries of the Group upon the completion of the Acquisitions. As all the applicable percentage ratios under the Listing Rules are lower than 5%, the Acquisitions do not constitute notifiable transaction of the Company as defined under the Chapter 14 of the Listing Rules.

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 2018 as set out in this 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. 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 announcement.

AUDIT COMMITTEE

The audit committee of the Company 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 of the Company 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 2018.

CORPORATE GOVERNANCE CODE

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

During the period from 19 June 2018 (the "**Listing Date**") to 31 December 2018, the Company has adopted and complied with all applicable Code provisions set out in the Corporate Governance Code in Appendix 14 to the Listing Rules.

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 for the period from the Listing Date to 31 December 2018 and all Directors have confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the said period. The Company did not spot any non-compliance incidents during the period from the Listing Date to 31 December 2018. If an employee may have any inside information of the Group, he/she shall comply with the written guidelines no less exacting 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 2018, the interests and short positions of the Directors and chief executives of the Company in 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 pursuant to Section 352 of the SFO to be entered in the register, 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 (the "Shares") and underlying shares of the Company

Name 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 2018	Number of debentures held
Ms. YANG Huiyan	Interest of controlled corporations	1,444,985,624[(1)]	—	1,444,985,624	57.80%	—
Ms. WU Bijun	Beneficial owner	233,190[(3)]	12,964,000[(2)]	13,197,190	0.53%	—
Mr. LI Changjiang	Beneficial owner	—	12,964,000[(2)]	12,964,000	0.52%	—
Mr. XIAO Hua	Beneficial owner	37[(3)]	4,762,000[(2)]	4,762,037	0.19%	—
Mr. GUO Zhanjun	Beneficial owner	—	4,699,000[(2)]	4,699,000	0.19%	—

Notes:

(1) As at 31 December 2018, Concrete Win, Genesis Capital Global Limited ("**Genesis Capital**"), Sure Brilliant Global Limited ("**Sure Brilliant**") and Golden Value Investments Limited ("**Golden Value**") held 981,901,840 Shares, 326,436,781 Shares, 125,000,000 Shares and 11,647,003 Shares, respectively. Concrete Win, Genesis Capital, Sure Brilliant and Golden Value are beneficially wholly-owned by Ms. YANG Huiyan. By virtue of the SFO, Ms. YANG Huiyan is deemed to be interested in the same number of Shares in which Concrete Win, Genesis Capital, Golden Value and Sure Brilliant were interested.

(2) The relevant interests are unlisted physically settled options granted pursuant to the Company's 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 of HK$0.94 each shall be issued by the Company. The share options are personal to relevant Directors.

(3) These Shares represent the Shares distributed to the Directors by virtue of the shares of Country Garden Holdings Company Limited ("**CGH**") held by them prior to the spin-off and separate listing of the Shares of the Company on the Main Board of the Stock Exchange.

(4) According to the number of Shares of CG Services distributed after the spin-off, the actual number of shares held by Concrete Win is 1,078,901,838 Shares, the actual number of Shares held by Golden Value is 11,647,004 Shares and Genesis Capital held 326,436,781 Shares. Therefore, the actual number of Shares held by Ms. YANG Huiyan is 1,416,985,623 Shares. On 16 January 2019, the Company made adjustment for this difference in the reporting of interests.

Save as disclosed above, as at 31 December 2018, none of the Directors and chief executive 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 2018, 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 interest or short position 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 interest in the total number of Shares in issue	Interest of derivatives
Concrete Win	Beneficial owner	981,901,840(L)	39.28%	—
Genesis Capital	Beneficial owner	326,436,781(L)	13.06%	—
Sure Brilliant	Beneficial owner	125,000,000(L)	5%	—
Mr. CHEN Chong(1)	Interest of spouse	1,444,985,624(L)	57.8%	—
JPMorgan Chase & Co.(2)	Interest of controlled corporation/ Investment manager/Person having a security interest in shares/ Approved lending agent	125,384,014(L) 6,003,684(S) 87,734,145(P)	5.01% 0.24% 3.50%	2,070,908(L) 3,817,364(S)

Notes:

L — long position, S — short position, P — lending pool

(1) By virtue of the SFO, Mr. CHEN Chong is deemed to be interested in the Shares held by his spouse, Ms. YANG Huiyan, 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".

(2) As shown in the disclosed information, these Shares are held by JF Asset Management Limited, a corporation held indirectly by JPMorgan Chase & Co. as to 99.99% control, and by other corporations held directly or indirectly as to 100% control. In addition, JPMorgan Chase & Co. holds 2,000 Shares (short positions) as cash-settled listed derivatives, 2,070,908 Shares (long positions) and 956,078 shares (short positions) as cash-settled unlisted derivatives, and 2,861,286 Shares (short positions) as physically settled unlisted derivatives.

Save as disclosed above, as at 31 December 2018, the Company has 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.

PRE-LISTING SHARE OPTION SCHEME

On 13 March 2018, a pre-listing share option scheme (the "**Pre-Listing Share Option Scheme**") was adopted by the then shareholders of the Company.

On 21 May 2018, share options for 132,948,000 Shares with a fair value on the grant date of approximately HK$108,375,000 (equivalent to approximately RMB86,667,000) were granted by the Company to eligible participants in accordance with the terms of the Pre-Listing Share Option Scheme.

	Options to subscribe for Shares								
Category and name of grantee	**As at 1 January 2018 Outstanding**	**Granted during the Year[2]**	**Exercised during the Year**	**Cancelled during the Year**	**Lapsed during the Year**	**As at 31 December 2018 Outstanding**	**Exercise price per Share (HK$)**	**Date of grant[3]**	**Exercise period**
Director									
Ms. WU Bijun	—	12,964,000	—	—	—	12,964,000	0.940	21.05.2018	Vesting date[(1)] — 20.05.2023
Mr. LI Changjiang	—	12,964,000	—	—	—	12,964,000	0.940	21.05.2018	Vesting date[(1)] — 20.05.2023
Mr. Xiao Hua	—	4,762,000	—	—	—	4,762,000	0.940	21.05.2018	Vesting date[(1)] — 20.05.2023
Mr. GUO Zhanjun	—	4,699,000	—	—	—	4,699,000	0.940	21.05.2018	Vesting date[(1)] — 20.05.2023
Sub-total	—	35,389,000	—	—	—	35,389,000			
Other participants	—	97,559,000	—	—	—	97,559,000	0.940	21.05.2018	Vesting date[(1)] — 20.05.2023
Sub-total	—	97,559,000	—	—	—	97,559,000			
Total	—	132,948,000	—	—	—	132,948,000			

Notes:

(1) Subject to the satisfaction of certain vesting conditions, the vesting date shall be the date on which the auditors' report of the Company for the relevant financial year was issued, (a) for the financial year in which the Shares were listed on the Main Board of the Stock Exchange on the Listing Date, 40% of the total number of Shares granted pursuant to the share options will be vested to the relevant grantees; (b) for the financial year immediately following the Listing Date, 30% of the total number of Shares granted pursuant to the share options will be vested to the relevant grantees; and (c) for the second financial year following the Listing Date, 30% of the total number of Shares granted pursuant to the share options will be vested to the relevant grantees.

(2) The closing price of the Company immediately preceding the grant date of 21 May 2018 is not applicable as the Shares of the Company were listed on the Main Board of the Stock Exchange on 19 June 2018.

(3) The expense of share options charged to the statement of profit or loss for the year ended 31 December 2018 was approximately RMB20.5 million. The relevant accounting policy is described in Note 2.19 'Share-based Payments' of Appendix I to the Company's listing documents dated 6 June 2018.

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

During the period from the Listing Date to 31 December 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of RMB8.49 cents per Share in the form of cash (2017: nil) for the year ended 31 December 2018 to shareholders whose names appear on the register of members of the Company on Tuesday, 28 May 2019 (record date) ("**Eligible Shareholders**"). The proposed final dividend shall be declared in RMB and paid in Hong Kong dollars. The final dividend payable in Hong Kong dollars will be converted from RMB at the central parity rate of RMB to Hong Kong dollars as announced by the People's Bank of China for the period from Wednesday, 22 May 2019 to Tuesday, 28 May 2019. It is expected that the final dividend warrants will be despatched to the Eligible Shareholders on or around Friday, 19 July 2019.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the eligibility of the shareholders of the Company (the "**Shareholders**") to attend, speak and vote at the forthcoming annual general meeting of the Company (the "**2019 AGM**"), and the Eligible Shareholders' entitlement to the proposed final dividend, the Register of Members will be closed as appropriate as set out below:

(i) For determining the Shareholders' eligibility to attend, speak and vote at the 2019 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 Tuesday, 14 May 2019
Record Date	Tuesday, 14 May 2019
Closure of the register of members of the Company	Wednesday, 15 May 2019 to Monday, 20 May 2019 (both days inclusive)

(ii) Subject to the passing of the proposal of distributing the final dividend at the 2019 AGM, for determining the Eligible Shareholders' entitlement to the proposed final 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 Friday, 24 May 2019
Closure of the register of members of the Company	Monday, 27 May 2019 to Tuesday, 28 May 2019 (both days inclusive)
Record Date	Tuesday, 28 May 2019

For 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the aforementioned latest time.

PUBLICATION OF ANNUAL RESULTS

The annual 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 2018 annual report will be despatched to the shareholders and published on websites of the Stock Exchange and the Company on or before 30 April 2019.

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

Hong Kong, 19 March 2019

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

* *For identification purpose only*