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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 2021**

#### **FINANCIAL HIGHLIGHTS**

- The revenue of the Group for the Year increased from approximately RMB15,600.4 million for the same period in 2020 to approximately RMB28,843.0 million, representing an increase of approximately 84.9%.
- The gross profit of the Group for the Year increased from approximately RMB5,299.8 million for the same period in 2020 to approximately RMB8,864.0 million, representing an increase of approximately 67.3%. Gross profit margin decreased by 3.3 percentage points to approximately 30.7% from approximately 34.0% for the same period in 2020, mainly due to the higher percentage contribution of city services which have a relatively low gross profit margin and the cancellation of the preferential policy for exemption and reduction of social security contributions due to COVID-19 outbreak.
- During the Year, the percentage of general and administrative expenses of the Group decreased by 1.2 percentage points to approximately 11.3% compared to approximately 12.5% for the same period in 2020.
- The net profit of the Group for the Year increased from approximately RMB2,781.7 million for the same period in 2020 to approximately RMB4,349.5 million, representing an increase of approximately 56.4%.
- During the Year, the profit attributable to the owners of the Company increased from approximately RMB2,686.1 million for the same period in 2020 to approximately RMB4,033.4 million, representing an increase of approximately 50.2%. The core net profit\* attributable to the owners of the Company increased from approximately RMB2,902.7 million for the same period in 2020 to approximately RMB4,606.9 million, representing an increase of approximately 58.7%.

- During the Year, the basic earnings per share increased from approximately RMB97.62 cents for the same period in 2020 to approximately RMB128.42 cents, representing an increase of approximately 31.6%.
- During the Year, the diluted earnings per share increased from approximately RMB96.32 cents for the same period in 2020 to approximately RMB128.01 cents, representing an increase of approximately 32.9%.
- As at 31 December 2021, the total bank deposits and cash of the Group were approximately RMB11,755.9 million (31 December 2020: approximately RMB15,341.5 million).
- As at 31 December 2021, the revenue-bearing gross floor area (“**GFA**”) of the property management services other than the “Three Supplies and Property Management” businesses of the Group increased by approximately 388.4 million sq.m. to approximately 765.7 million sq.m. from approximately 377.3 million sq.m. as at 31 December 2020, and the contracted GFA of the property management services other than the “Three Supplies and Property Management” businesses increased by approximately 617.4 million sq.m. to approximately 1,437.9 million sq.m. from approximately 820.5 million sq.m. as at 31 December 2020. In addition, both of the revenue-bearing GFA and the contracted GFA of the property management services of the “Three Supplies and Property Management” businesses were approximately 85.2 million sq.m. as at 31 December 2021.
- The Board recommended the payment of a final dividend for 2021 of RMB29.95 cents per share (the shareholders may choose to receive dividends in cash and/or in shares) (2020: RMB21.87 cents per share), representing an increase of approximately 36.9%.

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**” or “**we**”) for the year ended 31 December 2021 (the “**Year**” or the “**current year**”) as follows:

- \* Core net profit attributable to the owners of the Company excluding borrowing costs of convertible bonds, share-based payment expense, fair value gains or losses and amortisation charges of intangible assets — contracts and customer relationships and brands arising from mergers and acquisitions.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
	Note	2021	2020
		RMB'000	RMB'000
<b>Revenue</b>	5	<b>28,843,011</b>	15,600,421
Cost of services	7	(19,594,401)	(10,194,566)
Cost of sales of goods	7	(384,613)	(106,087)
		<u>8,863,997</u>	<u>5,299,768</u>
<b>Gross profit</b>		<b>8,863,997</b>	5,299,768
Selling and marketing expenses	7	(337,625)	(135,755)
General and administrative expenses	7	(3,259,384)	(1,950,478)
Net impairment losses on financial assets	7	(188,276)	(98,131)
Other income		198,608	121,053
Other gains — net	6	451,946	394,025
		<u>5,729,266</u>	<u>3,630,482</u>
<b>Operating profit</b>		<b>5,729,266</b>	3,630,482
Finance income	8	123,212	158,446
Finance costs	8	(221,060)	(114,757)
		<u>(97,848)</u>	<u>43,689</u>
Finance (costs)/income — net	8	(97,848)	43,689
Share of results of investments accounted for using the equity method		41,421	40,556
		<u>41,421</u>	<u>40,556</u>
<b>Profit before income tax</b>		<b>5,672,839</b>	3,714,727
Income tax expense	9	(1,323,386)	(933,070)
		<u>4,349,453</u>	<u>2,781,657</u>
<b>Profit for the year</b>		<b>4,349,453</b>	2,781,657
<b>Profit attributable to:</b>			
— Owners of the Company		4,033,395	2,686,128
— Non-controlling interests		316,058	95,529
		<u>4,349,453</u>	<u>2,781,657</u>

		<b>Year ended 31 December</b>	
	<i>Note</i>	<b>2021</b>	<b>2020</b>
		<i>RMB'000</i>	<i>RMB'000</i>
<b>Other comprehensive income</b>			
Items that may be reclassified to profit or loss:			
— Currency translation differences		<b>(3,508)</b>	(13,070)
Items that will not be reclassified to profit or loss:			
— Changes in fair value of financial assets at fair value through other comprehensive income		<b>(64,462)</b>	—
<b>Total other comprehensive income for the year, net of tax</b>		<b>(67,970)</b>	(13,070)
<b>Total comprehensive income for the year</b>		<b>4,281,483</b>	2,768,587
<b>Total comprehensive income attributable to:</b>			
— Owners of the Company		<b>3,965,425</b>	2,673,058
— Non-controlling interests		<b>316,058</b>	95,529
		<b>4,281,483</b>	2,768,587
<b>Earnings per share for profit attributable to owners of the Company (expressed in RMB cents per share)</b>			
— Basic	10	<b>128.42</b>	97.62
— Diluted	10	<b>128.01</b>	96.32

# CONSOLIDATED BALANCE SHEET

		At 31 December	
	Note	2021	2020
		RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,365,576	1,249,074
Right-of-use assets		263,688	130,360
Investment properties		936,082	—
Intangible assets	12	27,944,798	6,176,273
Investments accounted for using the equity method		397,750	312,220
Financial assets at fair value through other comprehensive income		4,164,466	9,950
Contract assets		390,725	—
Deferred income tax assets		149,177	37,957
		<u>35,612,262</u>	<u>7,915,834</u>
<b>Current assets</b>			
Inventories		210,514	136,911
Trade and other receivables	13	15,577,884	5,243,515
Financial assets at fair value through profit and loss	14	3,656,197	2,566,122
Restricted bank deposits		137,282	126,271
Cash and cash equivalents		11,618,619	15,215,224
		<u>31,200,496</u>	<u>23,288,043</u>
<b>Total assets</b>		<u><u>66,812,758</u></u>	<u><u>31,203,877</u></u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital and share premium	15	27,202,614	8,361,602
Other reserves		468,640	917,351
Retained earnings		8,515,620	5,286,787
		<u>36,186,874</u>	<u>14,565,740</u>
<b>Non-controlling interests</b>		<u>2,186,619</u>	<u>1,593,298</u>
<b>Total equity</b>		<u><u>38,373,493</u></u>	<u><u>16,159,038</u></u>

		<b>At 31 December</b>	
	<i>Note</i>	<b>2021</b>	2020
		<b>RMB'000</b>	<b>RMB'000</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank and other borrowings		<b>442,175</b>	247,584
Lease liabilities		<b>931,685</b>	54,582
Deferred income tax liabilities		<b>2,274,849</b>	509,876
		<hr/>	<hr/>
		<b>3,648,709</b>	812,042
		<hr/>	<hr/>
<b>Current liabilities</b>			
Contract liabilities	5	<b>4,535,710</b>	2,581,933
Trade and other payables	16	<b>14,412,941</b>	7,475,622
Current income tax liabilities		<b>887,709</b>	553,601
Convertible bonds	17	<b>4,064,827</b>	3,202,538
Bank and other borrowings		<b>680,363</b>	361,815
Lease liabilities		<b>209,006</b>	57,288
		<hr/>	<hr/>
		<b>24,790,556</b>	14,232,797
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>28,439,265</b>	15,044,839
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>66,812,758</b>	31,203,877
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# 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 2021 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 2022.

## 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**”) 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**”) and financial assets at fair value through profit or loss (“**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 4.

## 3. Changes in accounting policies

(a) The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2021:

- Interest rate benchmark reform — phase 2 — Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16

The amendments listed above did not have a material impact on the amounts recognised in prior periods and is not expected to significantly affect the current or future periods.

- (b) Except for Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16, ‘Interest rate benchmark and interpretations reform — phase 2’, 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 2021 and have not been early adopted are as follows:

		<b>Effective for annual periods beginning on or after</b>
Amendments to HKFRS 16	COVID-19 — Related rent concessions beyond 30 June 2021	1 April 2021
Amendments to Accounting Guideline 5	Merger accounting for common control combinations	1 January 2022
Amendments to HKAS 16	Property, plant and equipment — proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous contracts — cost of fulfilling a contract	1 January 2022
Amendments to HKFRS 3	Reference to the conceptual framework	1 January 2022
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments (amendments)	1 January 2022
Annual Improvements	Annual improvements to HKFRS Standards 2018–2020 cycle	1 January 2022
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
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 2023
HKFRS 17	Insurance contracts	1 January 2023
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 HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The above new and amended standards and interpretations to existing standards are effective for annual periods beginning after 1 January 2022 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

#### 4. 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 notes 12 and 18 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 impairment of goodwill by determining the recoverable amounts of the CGU to which goodwill has been allocated based on value-in-use calculation. 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 12 for more details.

## 5. Revenue and segment information

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Makers (“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.

In previous years, 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”) and city services in the PRC. The CODM of the Company regarded that there were three operating segments which were used to make strategic decisions.

During the current year, the Group commenced the provision of commercial operational services, providing shopping malls, community merchants, characteristic cultural tourism and offices with services such as business planning consultation, investment promotion, operation and planning services. The operating results of the commercial operational services are newly added in the reports reviewed by the CODM for performance evaluation and resources allocation purposes.

The CODM considers business from a product perspective and has identified the following four operating segments:

- 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, 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, convertible bonds, bank and other borrowings and dividend payables.

Capital expenditure comprises additions to property, plant and equipment, right-of-use assets 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 2021 and 2020 was as follows:

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</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>13,793,853</b>	8,606,702
— Community value-added services	<b>3,327,590</b>	1,731,271
— Value-added services to non-property owners	<b>2,675,085</b>	1,369,701
— Other services	<b>134,037</b>	309,291
	<b>19,930,565</b>	12,016,965
<b>Revenue from Three Supplies and Property Management businesses</b>		
— Property management and other related services	<b>2,507,514</b>	1,540,212
— Heat supply services	<b>1,221,795</b>	1,159,119
	<b>3,729,309</b>	2,699,331
<b>Revenue from city services business</b>	<b>4,528,952</b>	884,125
<b>Revenue from Commercial operational services</b>	<b>654,185</b>	—
	<b>28,843,011</b>	15,600,421

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 2021 and 2020.

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:

	<b>At 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Contract liabilities</b>		
Property management services	<b>3,461,819</b>	1,497,434
Community value-added services	<b>468,807</b>	524,317
Value-added services to non-property owners	<b>9,864</b>	11,213
Three Supplies and Property Management		
— Property management and other related services	<b>119,497</b>	127,736
— Heat supply services	<b>392,157</b>	390,329
City services	<b>6,239</b>	30,904
Commercial operational services	<b>77,327</b>	—
	<b>4,535,710</b>	2,581,933

(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 and business combinations 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	
	2021	2020
	RMB'000	RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Property management services	1,361,871	1,132,767
Community value-added services	524,317	105,766
Value-added services to non-property owners	11,213	1,732
Three Supplies and Property Management		
— Property management and other related services	106,976	53,888
— Heat supply services	390,329	162,231
City services	30,904	—
	<u>2,425,610</u>	<u>1,456,384</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 types 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 2021, there were no incremental costs to obtain a contract (2020: nil).





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

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Segment results	<b>5,485,146</b>	3,328,402
Realised and unrealised gains from financial assets at FVPL (note 6)	<b>285,541</b>	342,636
Finance (costs)/income — net	<b>(97,848)</b>	43,689
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Profit before income tax	<b>5,672,839</b>	3,714,727
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A reconciliation of segment assets to total assets is provided as follows:

	<b>At 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Segment assets	<b>58,842,918</b>	28,589,848
Deferred income tax assets	<b>149,177</b>	37,957
Financial assets at FVOCI	<b>4,164,466</b>	9,950
Financial assets at FVPL	<b>3,656,197</b>	2,566,122
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Total assets	<b>66,812,758</b>	31,203,877
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A reconciliation of segment liabilities to total liabilities is provided as follows:

	<b>At 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Segment liabilities	<b>20,089,342</b>	10,169,425
Convertible bonds	<b>4,064,827</b>	3,202,538
Deferred income tax liabilities	<b>2,274,849</b>	509,876
Current income tax liabilities	<b>887,709</b>	553,601
Bank and other borrowings	<b>1,122,538</b>	609,399
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Total liabilities	<b>28,439,265</b>	15,044,839
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## 6. Other gains — net

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Realised and unrealised gains from financial assets at FVPL	<b>285,541</b>	342,636
Net foreign exchange gains	<b>144,909</b>	42,451
Losses on disposal of subsidiaries	<b>(674)</b>	—
Gains/(losses) on disposal of property, plant and equipment	<b>34,574</b>	(604)
Losses on early termination of lease contracts	<b>(22)</b>	(198)
Negative goodwill	<b>5,236</b>	—
Others	<b>(17,618)</b>	9,740
	<hr/>	<hr/>
	<b>451,946</b>	394,025
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## 7. Expenses by nature

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Employee benefit expenses	10,397,050	5,131,639
Cleaning expenses	4,272,847	2,737,127
Maintenance expenses	1,674,680	747,966
Depreciation and amortisation charges	1,105,141	336,087
Utilities	1,047,031	533,298
Security expenses	974,376	357,793
Heat supply costs	973,448	935,897
Greening and gardening expenses	582,198	313,819
Construction costs for infrastructures under service concession arrangements	390,688	—
Cost of sales of goods	384,613	106,087
Office and communication expenses	250,793	155,780
Travelling and entertainment expenses	217,421	101,087
Professional service fees	205,384	128,945
Net impairment losses on financial assets	188,276	98,131
Transportation expenses	175,781	108,171
Rental expenses for short-term and low-value leases	175,263	157,391
Other taxes and surcharges	128,367	66,497
Sales service expense	114,894	30,509
Cost of information technology hardwares and softwares	111,677	202,080
Advertising and promotion costs	95,773	37,223
Community activities expenses	68,263	42,462
Bank charges	62,302	40,847
Employee uniform expenses	25,218	26,610
Auditor's remuneration		
— Annual audit and interim review services	14,250	8,450
— Non audit services	2,189	1,795
Other expenses	126,376	79,326
	<b>23,764,299</b>	<b>12,485,017</b>

## 8. Finance (costs)/income — net

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Finance income:		
Interest income on bank deposits	123,212	158,446
Finance costs:		
Borrowing costs on convertible bonds	(115,870)	(101,069)
Interest expense on lease liabilities	(41,958)	(8,281)
Interest expense on bank and other borrowings	(63,232)	(5,407)
	<b>(221,060)</b>	<b>(114,757)</b>
Finance (costs)/income — net	<b>(97,848)</b>	<b>43,689</b>

## 9. Income tax expense

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Current income tax — PRC		
— Provision for current income tax	1,453,651	946,122
Deferred income tax		
— Corporate income tax	(175,305)	(8,252)
— Withholding income tax on profits to be distributed in future	45,040	(4,800)
	(130,265)	(13,052)
	1,323,386	933,070

## 10. 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	
	2021	2020
Profit attributable to the owners of the Company (RMB'000)	4,033,395	2,686,128
Weighted average number of ordinary shares in issue (thousands shares)	3,140,705	2,751,478
Basic earnings per share (RMB cents)	128.42	97.62

(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 scheme and convertible bonds (Note 17). For the 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. For the convertible bonds, they are assumed to have been converted into ordinary shares. Interest 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 2021, the effect of the convertible bonds was anti-dilutive and therefore not included in the calculation of the diluted earnings per share.

	<b>Year ended 31 December</b>	
	<b>2021</b>	2020
Profit attributable to the owners of the Company ( <i>RMB'000</i> )	<b>4,033,395</b>	2,686,128
Weighted average number of ordinary shares in issue ( <i>thousands shares</i> )	<b>3,140,705</b>	2,751,478
Adjustments — share option schemes ( <i>thousands</i> )	<b>10,029</b>	37,287
Weighted average number of ordinary shares for diluted earnings per share ( <i>thousands shares</i> )	<b>3,150,734</b>	2,788,765
Diluted earnings per share ( <i>RMB cents</i> )	<b>128.01</b>	96.32

**11. Dividends**

The final dividend in respect of year ended 31 December 2020 of RMB21.87 cents (equivalent to HKD26.58 cents) per share, totalling RMB703,069,000, has been approved at the Annual General Meeting on 28 May 2021 and has been partly settled in new shares of the Company and partly paid in cash in August 2021. The number of ordinary shares settled and issued as scrip dividends was 394,682 and the total amount of dividend paid as scrip dividends was RMB26,080,000 while cash dividend amounted to RMB676,989,000.

The Board of Directors recommended the payment of a 2021 final dividend of RMB29.95 cents per share, totalling RMB1,008,350,000, which has taken into account the expected exercise of share options as of the record date for the eligible shareholders. The eligible shareholders will be given an option to elect to receive the final dividend all in new shares or partly in new shares and partly in cash or all in cash (the “**Scrip Dividend Scheme**”). The new shares will, on issue, rank pari passu in all respects with the existing shares in issue on the date of the allotment and issue of the new shares except that they shall not be entitled to the proposed final dividend. The Scrip 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 and the Stock Exchange granting the listing of, and permission to deal in, the new shares to be issued under the Scrip Dividend Scheme. These financial statements do not reflect this dividend payable.

## 12. 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), (c) & (d)	Total RMB'000
<b>At 1 January 2020</b>								
Cost	52,744	389,418	—	—	—	442,162	1,219,905	1,662,067
Accumulated amortisation	(7,792)	(44,991)	—	—	—	(52,783)	—	(52,783)
Accumulated impairment	—	(2,861)	—	—	—	(2,861)	(2,570)	(5,431)
Net book amount	<u>44,952</u>	<u>341,566</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>386,518</u>	<u>1,217,335</u>	<u>1,603,853</u>
<b>Year ended 31 December 2020</b>								
Opening net book amount	44,952	341,566	—	—	—	386,518	1,217,335	1,603,853
Acquisition of subsidiaries	1,444	1,191,910	28,663	193,400	93,740	1,509,157	3,144,578	4,653,735
Other additions	34,774	—	—	—	844	35,618	—	35,618
Amortisation	(10,065)	(97,220)	(1,443)	(7,736)	(469)	(116,933)	—	(116,933)
Closing 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>At 31 December 2020</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	28,655,215
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>

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

	<b>Year ended 31 December</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Cost of sales	<b>523,093</b>	109,633
General and administrative expenses	<b>22,993</b>	7,300
	<b>546,086</b>	116,933

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

During the year ended 31 December 2021, the Group acquired several property management companies, media companies and a property agency company (Note 18). Total identifiable net assets of these companies at their respective acquisition dates amounted to approximately RMB5,086,935,000, including identified contracts and customer relationships of approximately RMB5,198,856,000 and brand of approximately RMB1,876,155,000 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 RMB14,932,793,000 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 margins	25.5%–30.0%
EBITDA margins	11.4%–18.2%
Post-tax discount rates	13.5%–14.4%
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:

Gross profit margins	26.5%–55.3%
EBITDA margins	12.3%–32.4%
Post-tax discount rates	13.0%–20.8%
Expected useful lives	5–12 years

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

Goodwill of RMB4,361,913,000 has been allocated to the respective CGUs of the subsidiaries acquired in prior years for impairment testing. Management performed an impairment assessment on the goodwill as at 31 December 2021. The recoverable amounts of these subsidiaries are determined based on value-in-use calculation with cash flow forecast period of 5 years.

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	3.0%–5.0%
Gross profit margins during the projection period	14.1%–39.1%
EBITDA margins during the projection period	3.6%–24.9%
Terminal growth rate	3.0%
Pre-tax discount rates	14.1%–19.8%

Based on management's assessment on the recoverable amounts of the subsidiaries acquired in prior year, no impairment provision was considered necessary as at 31 December 2021.

No impairment provision was considered necessary if the key assumptions were to change as follows:

	<b>2021</b>	
	<b>From</b>	<b>To</b>
Revenue growth rates during the projection period	<b>3.0%–5.0%</b>	<b>0.4%–3.0%</b>
Gross profit margins during the projection period	<b>14.1%–39.1%</b>	<b>12.1%–38.4%</b>
EBITDA margins during the projection period	<b>3.6%–24.9%</b>	<b>0.5%–24.4%</b>
Terminal growth rate	<b>3.0%</b>	<b>nil–2.8%</b>
Pre-tax discount rates	<b>14.1%–19.8%</b>	<b>14.5%–27.3%</b>

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

Goodwill of RMB14,932,793,000 has been allocated to the respective CGUs of the subsidiaries acquired during the year for impairment testing. Management performed an impairment assessment on the goodwill in 2021. The recoverable amounts of these subsidiaries are determined based on value-in-use calculation with cash flow forecast period of 5 years.

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	3.0%–28.0%
Gross profit margins during the projection period	24.7%–55.3%
EBITDA margins during the projection period	11.4%–30.1%
Terminal growth rate	3.0%
Pre-tax discount rates	15.4%–28.0%

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 2021.

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

	<b>At 31 December</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Property management and related services other than Three Supplies and Property Management	<b>16,441,441</b>	1,996,640
Three Supplies and Property Management	<b>3,465</b>	—
City services business	<b>2,365,273</b>	2,365,273
Commercial operational services	<b>478,841</b>	—
	<b>19,289,020</b>	4,361,913

### 13. Trade and other receivables

	At 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables (a)		
— Related parties	882,225	179,157
— Third parties	9,686,278	4,204,856
	<u>10,568,503</u>	<u>4,384,013</u>
Less: allowance for impairment of trade receivables	(280,150)	(147,600)
	<u>10,288,353</u>	<u>4,236,413</u>
Other receivables		
— Payments on behalf of property owners	555,326	184,216
— Deposits	513,765	208,380
— Loans to third parties pledged by equities (b)	2,328,928	—
— Others (c)	859,763	235,652
	<u>4,257,782</u>	<u>628,248</u>
Less: allowance for impairment of other receivables	(68,885)	(13,969)
	<u>4,188,897</u>	<u>614,279</u>
Prepayments to suppliers		
— Related parties	5,309	—
— Third parties	973,604	308,913
	<u>978,913</u>	<u>308,913</u>
Prepayments for tax	121,721	83,910
	<u>15,577,884</u>	<u>5,243,515</u>

At 31 December 2021, 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 term 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>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
0–180 days	<b>7,746,716</b>	3,875,283
181–365 days	<b>1,577,206</b>	251,578
1 to 2 years	<b>1,069,344</b>	155,347
2 to 3 years	<b>104,944</b>	58,940
Over 3 years	<b>70,293</b>	42,865
	<u><b>10,568,503</b></u>	<u>4,384,013</u>

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2021, a provision of RMB280,150,000 (2020: RMB147,600,000) was made against the gross amounts of trade receivables.

- (b) The Group provided short-term loans to third parties pledged by equity interests held by the corresponding parties. The loans to third parties bear interest rate at 6% to 15% per annum.
- (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>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Wealth management products (a)	<b>3,100,853</b>	2,069,730
Investment in a close-ended fund (b)	<b>529,092</b>	463,365
Listed equity security	<b>26,252</b>	33,027
	<u><b>3,656,197</b></u>	<u>2,566,122</u>

- (a) The Group invested in various wealth management products. These products have a term of 12 months. They have an expected return rate ranging from 6.0% to 10.6%. The fair values of these investments were determined based on the expected return as stipulated in relevant contracts with the counterparties.
- (b) This represented the Group's investment in a close-ended 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 Jan 2020, 31 Dec 2020, 1 Jan 2021 and 31 Dec 2021</b>		<u>10,000,000,000</u>	<u>1,000,000</u>					
<b>At 1 January 2020</b>		2,710,893,800	271,089	1,728	1,755,190	1,756,918	—	1,756,918
Employee share scheme — exercise of options		48,479,800	4,848	34	78,383	78,417	—	78,417
Placing of shares		173,000,000	17,300	113	6,526,154	6,526,267	—	6,526,267
<b>At 31 December 2020</b>		<u>2,932,373,600</u>	<u>293,237</u>	<u>1,875</u>	<u>8,359,727</u>	<u>8,361,602</u>	<u>—</u>	<u>8,361,602</u>
<b>At 1 January 2021</b>		<b>2,932,373,600</b>	<b>293,237</b>	<b>1,875</b>	<b>8,359,727</b>	<b>8,361,602</b>	<b>—</b>	<b>8,361,602</b>
Employee share scheme — exercise of options	(a)	58,545,400	5,854	36	971,059	971,095	—	971,095
Placing of shares	(b)	289,380,000	28,938	185	15,100,125	15,100,310	—	15,100,310
Issuance of shares as a result of scrip dividend (note 11)		394,682	39	—	26,080	26,080	—	26,080
Buy-back of shares	(c)	—	—	—	—	—	(594,070)	(594,070)
Cancellation of shares	(c)	(12,282,000)	(1,228)	(8)	(594,062)	(594,070)	594,070	—
Conversion of convertible bonds (note 17(a))		97,656,221	9,766	63	3,337,534	3,337,597	—	3,337,597
<b>At 31 December 2021</b>		<u>3,366,067,903</u>	<u>336,606</u>	<u>2,151</u>	<u>27,200,463</u>	<u>27,202,614</u>	<u>—</u>	<u>27,202,614</u>

- (a) During the year ended 31 December 2021, the Company issued 10,616,700 and 29,267,700 shares as a result of the exercise of share options by certain directors and other eligible participants, respectively, which were granted under the pre-listing share option scheme adopted by the Company in 2018, and raised net proceeds of approximately HKD37,491,000 (equivalent to approximately RMB31,378,000) in aggregate; the related share-based payments reserve of RMB12,404,000 was transferred to the share premium account as a result of the above exercise of the options.

During the year ended 31 December 2021, the Company issued 4,290,000 and 14,371,000 shares as a result of the exercise of share options by certain directors and other eligible participants, respectively, which were granted under the share option scheme adopted by the Company in 2020, and raised net proceeds of approximately HKD934,356,000 (equivalent to approximately RMB774,056,000) in aggregate; the related share-based payments reserve of RMB153,257,000 was transferred to the share premium account as a result of the above exercise of the options.

- (b) On 24 May 2021, the Company issued 139,380,000 shares at a subscription price of HKD75.25 per share and raised net proceeds of approximately HKD10,424,100,000 (equivalent to approximately RMB8,538,383,000) under a private placement.

On 18 November 2021, the Company issued 150,000,000 shares at a subscription price of HKD53.35 per share and raised net proceeds of approximately HKD8,002,124,000 (equivalent to approximately RMB6,561,927,000) under a private placement.

- (c) During the year ended 31 December 2021, the Company bought back and cancelled a total of 12,282,000 shares. The buy-back and cancellation were approved by shareholders at the annual general meeting on 28 May 2021. The total consideration paid to buy back these shares was RMB594,070,000, which has been deducted from equity attributable to the owners of the Company. The shares were acquired at a weighted average price of HKD58.18 per share, with prices ranging from HKD46.20 to HKD62.25.

## 16. Trade and other payables

	<b>At 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Trade payables		
— Related parties	43,342	20,740
— Third parties	4,451,055	2,152,410
	<u>4,494,397</u>	<u>2,173,150</u>
Other payables		
— Deposits	1,785,935	881,459
— Temporary receipts from properties owners	2,992,989	1,001,916
— Outstanding considerations payable for business combinations (note)	840,394	1,079,367
— Accruals and others	1,239,405	586,533
	<u>6,858,723</u>	<u>3,549,275</u>
Payroll payables	2,551,125	1,464,830
Other taxes payables	508,696	288,367
	<u>14,412,941</u>	<u>7,475,622</u>

Note: As at 31 December 2021, the outstanding considerations payable for business combinations included contingent considerations amounted to RMB319,939,000 (2020: RMB925,721,000), which is measured by fair value.

As at 31 December 2021, the carrying amounts of trade and other payables approximated their fair values.

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

	<b>At 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Up to 1 year	4,375,113	2,117,199
1 to 2 years	96,322	44,902
2 to 3 years	16,735	7,082
Over 3 years	6,227	3,967
	<u>4,494,397</u>	<u>2,173,150</u>

## 17. Convertible bonds

- (a) During the year ended 31 December 2021, all the convertible bonds issued in 2020 were converted into the Company's shares at the conversion price of HKD39.68 per share and cancelled upon the exercise of the conversion rights by the bondholders. As a result, a total number of 97,656,221 shares of the Company were issued and credited as fully paid.
- (b) On 24 May 2021, a wholly owned subsidiary of the Company, Best Path Global Limited, UBS AG Hong Kong Branch, China International Capital Corporation Hong Kong Securities Limited and Morgan Stanley & Co. International plc as the managers entered into a subscription agreement for HKD-settled zero coupon convertible bonds in an aggregate principal amount of HKD5,038,000,000 (equivalent to approximately RMB4,143,251,000) due 1 June 2022, with an initial conversion price of HKD97.83 per share. On 3 June 2021 (the "Issue Date"), the convertible bonds were issued. The net proceeds from the issue of the convertible bonds were approximately RMB4,114,311,000, after the deduction of transaction costs approximately RMB28,940,000. The initial value of the liability component of approximately RMB4,014,946,000 (the fair value was calculated using a market interest rate for equivalent non-convertible bonds) is subsequently stated at amortised cost until conversion or maturity of the bonds. The residual amount, representing the value of the equity conversion component, is accounted for as a conversion option reserve included in other reserves.

The convertible bonds recognised are calculated as follows:

	<b>At 31 December 2021 RMB'000</b>
Face value of the convertible bonds on the Issue Date	4,143,251
Less: transaction costs	(28,940)
	<hr/>
Net proceeds	4,114,311
Less: equity component	(99,365)
	<hr/>
Liability component on initial recognition	4,014,946
	<hr/>
Currency translation differences	(25,388)
Borrowing costs accrued	75,269
	<hr/>
Liability component at 31 December 2021	<u>4,064,827</u>

Borrowing costs on the liability component of the convertible bonds were calculated using the effective interest method, applying the effective interest rate of 3.10% per annum.

The convertible bonds were guaranteed by the Company.

As at 31 December 2021, there has been no conversion or redemption of the convertible bonds.

## 18. Business combinations

In June 2021, the Group acquired 94.62% equity interest in Justbon Services from third parties at a cash consideration of RMB7,224,843,000.

In October 2021, the Group acquired 100% equity interest in Link Joy from third parties at a cash consideration of RMB3,300,000,000.

In October 2021, the Group acquired 100% equity interest in Wealth Best Global from third parties. The cash consideration paid is RMB5,000,000,000. Such consideration may be reduced as a result of the failure to meet certain conditions to the payment. Besides the Group conditionally agreed to pay up to RMB2,000,000,000 and RMB3,000,000,000 for the continuity of related business with the third parties and extra areas under management of 66 million sq.m., respectively, which are subject to further negotiation.

The Group also acquired several other property management companies, media companies and a property agency company from third parties during the current year at an aggregate fixed cash considerations of RMB3,853,436,000 and a contingent cash consideration not exceeding RMB152,797,000. 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>Justbon Services</b>	<b>Wealth Best Global</b>	<b>Link Joy</b>	<b>Others</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total purchase considerations					
— Fixed cash considerations	7,224,843	5,000,000	3,300,000	3,853,436	19,378,279
Settled in 2021	7,224,843	5,000,000	3,000,000	3,632,981	18,857,824
Outstanding as at 31 December 2021	—	—	300,000	220,455	520,455
— Estimated contingent considerations	—	—	—	152,797	152,797
Settled in 2021	—	—	—	—	—
Outstanding as at 31 December 2021	—	—	—	152,797	152,797
	<u>7,224,843</u>	<u>5,000,000</u>	<u>3,300,000</u>	<u>4,006,233</u>	<u>19,531,076</u>

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

— Property, plant and equipment	58,901	59,148	91,707	64,670	274,426
— Right-of-use assets	12,155	8,619	2,482	5,292	28,548
— Investment properties	33,068	—	2,957	—	36,025
— Other intangible assets (note 12)	2,084,694	2,210,001	1,775,761	1,088,102	7,158,558
— Investments accounted for using the equity method	1,948	—	—	39,877	41,825
— Deferred income tax assets	25,587	6,389	—	3,130	35,106
— Inventories	18,009	—	2	2,983	20,994
— Trade and other receivables	1,408,859	1,716,649	1,293,767	1,149,535	5,568,810
— Restricted bank deposits	11,897	3,309	375	3,268	18,849
— Cash and cash equivalents	1,783,536	155,801	76,403	169,246	2,184,986
— Bank and other borrowings	—	—	—	(89,400)	(89,400)
— Contract liabilities	(598,401)	(317,858)	(368,683)	(218,232)	(1,503,174)
— Lease liabilities	(12,155)	(8,619)	(2,482)	(5,292)	(28,548)
— Trade and other payables	(1,530,569)	(1,751,304)	(2,339,527)	(978,997)	(6,600,397)
— Current income tax liabilities	(96,292)	(97,682)	(22,415)	(11,422)	(227,811)
— Deferred income tax liabilities	(583,398)	(551,714)	(443,939)	(252,811)	(1,831,862)
Total identifiable net assets	<u>2,617,839</u>	<u>1,432,739</u>	<u>66,408</u>	<u>969,949</u>	<u>5,086,935</u>

	<b>Justbon Services</b> <i>RMB'000</i>	<b>Wealth Best Global</b> <i>RMB'000</i>	<b>Link Joy</b> <i>RMB'000</i>	<b>Others</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
Non-controlling interests	(293,571)	—	—	(189,845)	(483,416)
Negative goodwill	—	—	—	(5,236)	(5,236)
Goodwill	4,900,575	3,567,261	3,233,592	3,231,365	14,932,793
	<u>7,224,843</u>	<u>5,000,000</u>	<u>3,300,000</u>	<u>4,006,233</u>	<u>19,531,076</u>
Outflow of cash to acquire business, net of cash acquired:					
Partial settlement of cash considerations	7,224,843	5,000,000	3,000,000	3,632,981	18,857,824
Less: Cash and cash equivalents in the subsidiaries acquired	(1,783,536)	(155,801)	(76,403)	(169,246)	(2,184,986)
Net cash outflow on acquisitions	<u>5,441,307</u>	<u>4,844,199</u>	<u>2,923,597</u>	<u>3,463,735</u>	<u>16,672,838</u>

- (a) Other intangible assets including identified property management contracts and customer relationships and brand amounting to RMB7,075,011,000 in relation to the acquisitions have been recognised by the Group (note 12).
- (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 RMB3,682,612,000 and net profits of RMB505,285,000 to the Group for the period from their respective acquisition dates to 31 December 2021. Had these companies been consolidated from 1 January 2021, the consolidated statements of comprehensive income would show pro-forma revenue of RMB36,808,302,000 and net profit of RMB5,261,395,000.

## 19. Event occurred after the reporting period

On 11 February 2022, the Group entered into equity purchase agreements with certain independent third parties (the “sellers”) pursuant to which the Group agreed to purchase and the sellers agreed to sell approximately 93.76% equity interests in aggregate of Everjoy Services Company Limited (中梁百悦智佳服務有限公司). The consideration shall be further agreed and the acquisition is not yet completed as at the date of the consolidated financial statements.

# 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 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 the industry. We have ranked among the “Top 100 Property Management Companies in China in 2021” (2021年中國物業服務百強企業), “Top 10 in terms of Service and Operating Performance” (服務經營績效TOP10) and “Top 10 in terms of Service Scale” (服務規模TOP10) granted by China Index Academy; “Top 1 among Listed Service Companies in China” (中國上市服務企業TOP1) in 2021 granted by YIHAN (億翰智庫) and Jiahe Jiaye (嘉和家業); and “Leading Property Management Companies in China in terms of Value-added Service Operation in 2021” (2021中國物業增值服務運營領先企業) and “Leading Property Management Companies in China in terms of City Services in 2021” (2021中國物業城市服務領先企業) granted by Shanghai E-House Real Estate Research Institute. We are highly recognized in the international capital market. We were included in the Hang Seng China Enterprises Index as a constituent on 15 March 2021, in the Hang Seng Index as a constituent on 7 June 2021, and in the Hang Seng ESG 50 Index as a constituent on 6 September 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 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. During the Year, the revenue from property management services was approximately RMB13,793.9 million, representing an increase of approximately 60.3% compared to the same period last year, and its percentage of total revenue decreased to approximately 47.8%.

The scale and nationwide geographical coverage of the property management business of the Group continued to expand. As at 31 December 2021, apart from the “Three Supplies and Property Management” businesses, our contracted GFA was approximately 1,437.9 million sq.m., and our revenue-bearing GFA was approximately 765.7 million sq.m.. In addition, both of the revenue-bearing GFA and contracted GFA of the property management services of the “Three Supplies and Property Management” businesses were 85.2 million sq.m.. Our projects cover more than 370 cities in 31 provinces, municipalities, autonomous regions in Mainland China and 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. We manage a total of 6,046 property projects and provide property management services to approximately 7.42 million domestic and overseas property owners and merchants.

Our market development process was further accelerated. With our nationwide market network, professional market development team and expertise, our core competitiveness in brand expansion was further strengthened. We adhered to the strategy of regional focus with the development in city clusters and metropolitan areas as the core, continued to strengthen development in the five metropolitan economic circles, and further increased our market scale in high-tier cities. During the Year, we achieved strong results in the existing market and brand expansion for non-residential properties. In tier-1 and tier-2 cities where competition is fierce, we successfully won hundreds of property owners committee projects. For non-residential properties, we strengthened our management services and expansion ability for airport properties and successfully won the Kunming Airport project, and the number of airport projects we manage reached 16. We entered into contracts for several industrial park projects including Wuxi Industrial Park and Shenyang International Software Park, with the number of industrial park projects reaching 82.

### **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 preservation and appreciation and daily life needs, so as to enable property owners to experience the beauty of property management services. By consolidating our own resources, we have created a complete community life service ecosystem, providing property owners with high-quality, multi-level service contents to jointly build a better life. During the Year, the Group’s revenue from community value-added services was approximately RMB3,327.6 million, representing an increase of approximately 92.2% compared to the same period last year. Its percentage of total revenue of the Group further increased to approximately 11.5%.

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 well-known home decoration brand resources to provide one-stop home decoration services; (iii) community media services — establishing deep connection between consumers and brands through 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 living.

In particular, the revenue from community media services increased by approximately 179.1% compared to the same period last year to approximately RMB978.1 million. We continuously optimized products to build core competitiveness, built an influential community business circle, and carried out various forms of integrated marketing solutions for a number of leading enterprises in the consumer goods industry. The revenue from local life services increased by approximately 107.1% compared to the same period last year to approximately RMB1,105.3 million. Leveraging on our community resources, we introduced several high-quality merchants in key categories to create a near-field retail model which is closer to customers and has higher stickiness. In addition, with our community service platform “Phoenix Club” (鳳凰會) and community shopping mall mini program “Bi Le Tao” (碧樂淘), we responded quickly to the demands of property owners through online ordering and offline home delivery, so that property owners can enjoy goods and services under thousands of brands without leaving home. The revenue from home decoration services increased by approximately 68.1% compared to the same period last year to approximately RMB402.7 million. We have developed the “Phoenix Home Decoration” (鳳凰置家) CRM system and further realized precision marketing and refined operation, which enabled property owners to enjoy high-quality, convenient, safe and assured one-stop home decoration and home service experience. The revenue from real estate brokerage services increased by 43.7% compared to the same period last year to approximately RMB252.2 million. We upgraded our real estate brokerage business and started to build our own second-hand rental and sale brand “Youwa” (有瓦). We carried out strategic cooperation with Century Real Estate in the field of real estate brokerage. The revenue from home services increased by approximately 22.3% compared to the same period last year to approximately RMB367.9 million. Our “Phoenix Home” (鳳凰到家) services received over 97% positive feedbacks reviews online, covering 128 types of home services across eight categories including home cleaning, laundry services, house repair, home appliance cleaning, home maintenance, nanny and babysitter appointment, greening maintenance and home epidemic prevention.

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

During the Year, the revenue from value-added services to non-property owners was approximately RMB2,675.1 million. The value-added services we provide to non-property owners mainly include (i) management 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 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 and supporting services and other services.

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

The Group established a joint venture in 2018 and began to enter the separation and transfer of property management and heat supply on “Three Supplies and Property Management” Reform. As at 31 December 2021, both of the revenue-bearing GFA and contracted GFA of the property management services of the “Three Supplies and Property Management” businesses were approximately 85.2 million sq.m., and the revenue-bearing GFA of the heat supply business was approximately 42.3 million sq.m.. During the Year, the revenue from the property management business was approximately RMB2,507.5 million, and its gross profit margin increased by 4.6 percentage points compared to the same period last year to 11.6%. The revenue from the heat supply business was approximately RMB1,221.8 million, and its gross profit margin increased by 1.8 percentage points compared to the same period last year to 10.4%.

By sticking to the two-step (“size + quality”) and two-way (“services + technology”) thinking, we have carried out the exploration and practice from successful takeover to normal operation, from property management to community management to serving cities, and successfully achieved the goal of “stable first year, smooth second year and solid third year”. We continued to empower our partners in management, advanced their marketization process and steadily strengthened our brand influence. For market expansion, we have established independent market expansion regions of Northeast China, North China, East China, South China and Northwest China, and expanded to diversified customers including hospitals, schools, rail transport and integrated city service companies. We promoted community value-added services in the market, set up 10 business divisions, gave priority to the development of community media, group purchase and community tourism business, and carried out pilot business in real estate brokerage, domestic services and community elderly care. We accelerated the construction of an intelligent IoT platform of the intelligent operation centre, and gradually connected 10 major management systems including community video cloud monitoring, intelligent lighting control, elevator operation monitoring, fire early warning, access control management and water supply equipment monitoring.

## **City Services**

The Group is a leading city governance public service explorer and city operation service integrator in the PRC. We adhere to our strategy of focusing on new urbanization. With “improving governance and environment to benefit business and people” as core value, we promote high-quality development of cities through our three core businesses, being city municipal services, city area operation and city community governance. Driven by market demand and core technologies, on the basis of sharing ecological partners and 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 under our city services by leveraging our own resource advantage of whole industry chain to provide cities with full-scenario digital solutions for city operation, including smart operation of municipal services, refined city governance services, long-term management of old communities, public city resources and assets operation, and modern community governance.

During the Year, our city services recorded revenue of approximately RMB4,529.0 million, covering over 150 cities. Our city services business maintained steady growth. With a diversified business structure and a considerable size, we have formed product lines for scenarios including municipal public, industrial park, logistics for enterprises and public institutions and space operation. We have successively undertaken large city property projects, represented by the project in the Binhai New Area in Tianjin. We provide integrated municipal and sanitation services in Fuding, Fujian Province, Zhanjiang, Guangdong Province, Danzhou City and Lingao County, Hainan Province. We have set up a city services group to carry out corporate-based operation and coordinate product development, partner development, ecological construction, digital construction, market expansion and other operation management, in order to further strengthen business expansion potential and enhance the core competitiveness of our city services business.

## Commercial Operational Services

The Group provides shopping malls, community merchants, commercial blocks, specialized markets and other projects with full-chain services such as business planning consulting, investment promotion, 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 at the investment stage of property developers; (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 total revenue of approximately RMB654.2 million and gross profit margin of 50.3%.

Our commercial operational services have established a diversified product line, including high-quality one-stop shopping mall “Bele city” (碧樂城), community merchant “Bele fun” (碧樂坊) and commercial block “Bele time” (碧樂時光). We have established presence in more than 60 cities, providing commercial operational services to over 100 projects, with over 2,000 strategic brand partners. During the Year, the Group accelerated the asset-light strategic expansion and successfully entered into contracts for a number of projects, including Chengdu Beicheng No. 8, Chengdu Hangli Plaza and Wuxi Leduhui, which further expanded the Group's asset-light management operation.

## **PROSPECTS AND FUTURE PLANS**

### **Focus on five core sectors of city services and strengthen ecosystem, digital and channel construction**

Relying on our years of operation experience in large property projects and advantages in the research and development of services and products, CG Services actively followed the strategy of new urbanization to meet the government's demand for refined city governance, digital public services and integrated governance under the 14th Five-Year Plan. We started with digital and intelligent city management services + digital community governance service platform, and solved the problem of "fragmented governance" for government and public services through integrated services and comprehensive solutions to support high-quality city development.

In 2021, we established a city services group to carry out corporate-based operation. Its development strategy and product system have preliminarily taken shape, and systematic measures have been taken, including systematic management and steady operation. We focus on five core sectors, being municipal, space operation, industrial parks, schools and hospitals, and have launched product systems including intelligent city-wide parking and industrial park operation services. In the future, we will strengthen channel construction, work together with city partners and ecological partners to jointly create a whole-chain and whole-industry ecosystem, and launch a more diversified product and service system, so as to build our expertise in the area of city services and demonstrate CG Services' strategic positioning and determination as an "explorer in new types of city governance services".

### **Actively expand commercial and office building and commercial operational services to draw a diversified growth curve**

We established a commercial and office building business division early this year and started to provide vertical commercial and office building operation services. We manage over 200 commercial and office building projects in more than 80 cities across China, mainly covering super high-rises, grade-A office buildings and corporate headquarters. We will further strengthen the development of commercial and office building services and strive to create a cluster of benchmark projects by relying on our existing benchmark projects to promote surrounding projects. We will cultivate and enhance our core competitiveness in commercial and office building business, including asset management, equipment and facilities management and smart management, to support our long-term business growth. We will accelerate the team integration and experience sharing with acquired and merged enterprises to jointly build a commercial property service brand trusted by customers. We always adhere to high-quality services and standardized management, and provide whole-life cycle services including intelligent property management, facilities and equipment management and asset operation.

For commercial operational services, by adhering to our brand mission of "creating a better business life for more people", we will continue to improve our services and strive to create a full value chain covering early investment, positioning planning, design, construction and business solicitation and operation promotion in order to ensure the efficient operation of projects and enhance the potential and value of commercial assets. We will accelerate brand construction and building, and develop innovative marketing methods and means to stimulate business vitality. We will continue to strengthen asset-light management and explore the value of asset-light projects. By relying on our

extensive brand resources and comprehensive commercial asset management system to build a clear and reproducible product line, we will create economies of scale and further create brand value. We will introduce commercial brands and services of higher quality to multi-tier city markets and provide a warmer and more efficient business experience.

### **Strive to provide diversified high-quality services, and continue to build a “Quarter-hour Convenient Living Circle”**

In recent years, CG Services has been closely following national policies and residents’ needs by providing full-cycle community life services, focusing on the family growth cycle of property owners, the property value cycle and the mature development cycle of communities. We have launched the “Intelligent Downstairs” (智享樓下) service module, which covers basic service scenarios including property service centre, express station, real estate agency, laundry, fitness, childcare and elderly care and community canteens, and also provides diversified life services such as convenience milk station, convenience water station, convenience micro supermarket, flower ordering, used items recycling and intermediary nanny.

We will continue to develop new property services and strive to build an industry benchmark with diversified 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 and huge traffic, we will fully promote the professional and market-oriented development of community convenience life circle in wider areas across China in order to achieve a better life with services.

### **Improve the quality and efficiency of services, and accelerate the digital transformation of property management**

The digital transformation of CG Services focuses on improving customer experience and driving the improvement and upgrading of services and products through the research of and insight into customer experience. We have established a customer experience research institute and built a data-driven service experience management system. With three major modules, being experience design, experience management and experience operation, the system has upgraded the experience model dominated by offline services to a digital experience model incorporating self-service, online and offline services, and realized “monitored service process, traceable request processing and real-time feedback from property owners” by digital means. Through meticulous customer experience management, property owners can feel the attentive service attitude of our staff even across the screen.

We are independently developing property service robots and plan to launch three cleaning service robots, which can be deployed in projects such as public areas in residential properties, industrial parks, office buildings, hotels, high-speed railway stations, airports, etc. They can automatically switch to cleaning, washing and dust absorption operation units according to the scenarios, call for elevators and automatically plan routes, realizing around-the-clock automatic operation. In the future, with the continuous improvement of our product line, we will build a complete commercial service robot product matrix covering cleaning, delivery and inspection, effectively provide digital management services, and make full use of the synergies between equipment and people, so as to further bring improved quality for users and create commercial value.

As at the date of this announcement, the COVID-19 pandemic remains rampant in the world. Since the outbreak of the COVID-19 pandemic, the Group has recorded outstanding performance and strong growth, with steady operation and sufficient funds, which has demonstrated that the Group is more than able to cope with the impacts of the COVID-19 pandemic. The Group has taken a series of epidemic prevention measures to ensure the health and safety of our employees, customers, communities and other stakeholders. Facing the complicated domestic and international economic and political situation, the Group will continue to operate prudently, guard strictly against all kinds of risks in various business sectors, and adjust our business strategy in a timely manner to promote the sustainable development of the Group.

## 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 2021, the total revenue increased by approximately 84.9% to approximately RMB28,843.0 million from approximately RMB15,600.4 million for the year ended 31 December 2020.

#### (1) Property management services

During the Year, the revenue from property management services increased by approximately 60.3% to approximately RMB13,793.9 million from approximately RMB8,606.7 million for the year ended 31 December 2020, accounting for approximately 47.8% of the total revenue (for the same period in 2020: approximately 55.2%).

The table below sets out the breakdown 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 years indicated:

	For the year ended/ At 31 December 2021				For the year ended/ At 31 December 2020			
	Revenue (RMB'000)	(%)	Revenue-bearing GFA ('000 sq.m.)	(%)	Revenue (RMB'000)	(%)	Revenue-bearing GFA ( '000 sq.m.)	(%)
Properties developed by the CGH Group (Note 1)	7,618,714	55.2	346,360	45.2	6,194,744	72.0	274,006	72.6
Properties developed by independent third-party property developers	6,175,139	44.8	419,383	54.8	2,411,958	28.0	103,304	27.4
<b>Total</b>	<b>13,793,853</b>	<b>100.0</b>	<b>765,743</b>	<b>100.0</b>	<b>8,606,702</b>	<b>100.0</b>	<b>377,310</b>	<b>100.0</b>

Note 1: Properties developed by CG Holdings and its subsidiaries, joint ventures and associates independently or jointly with other parties.

The revenue-bearing GFA increased by approximately 388.4 million sq.m. from approximately 377.3 million sq.m. for the same period in 2020 to approximately 765.7 million sq.m.; among which, the revenue-bearing GFA from management of properties developed by independent third-party property developers increased by approximately 306.0%, and its percentage of the total revenue-bearing GFA increased by 27.4 percentage points from approximately 27.4% for the same period in 2020 to approximately 54.8%, mainly due to: (i) the conversion of the reserved GFA of the Group into revenue-bearing GFA during the Year; and (ii) the fast increase in the revenue-bearing GFA of the Group as a result of the acquisition of large property management companies including Sichuan Justbon Life Services Group Co., Ltd.\* (四川嘉寶生活服務集團股份有限公司) (formerly known as Sichuan Languang Justbon Services Group Co, Ltd.\* (四川藍光嘉寶服務集團股份有限公司)) (“**Justbon Services**”), Wealth Best Global Limited (“**Wealth Best Global**”) and Link Joy Holdings Group Co., Limited (“**Link Joy Holdings**”) during the Year.

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

During the Year, the revenue from community value-added services increased by approximately 92.2% to approximately RMB3,327.6 million from approximately RMB1,731.3 million for the year ended 31 December 2020, accounting for approximately 11.5% of the total revenue (for the same period in 2020: approximately 11.1%).

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 22.3% to approximately RMB367.9 million from approximately RMB300.9 million for the year ended 31 December 2020.
- (b) During the Year, the revenue from home decoration services increased by approximately 68.1% to approximately RMB402.7 million from approximately RMB239.6 million for the year ended 31 December 2020.
- (c) During the Year, the revenue from community media services increased by approximately 179.1% to approximately RMB978.1 million from approximately RMB350.4 million for the year ended 31 December 2020.
- (d) During the Year, the revenue from local life services increased by approximately 107.1% to approximately RMB1,105.3 million from approximately RMB533.7 million for the year ended 31 December 2020.
- (e) During the Year, the revenue from real estate brokerage services increased by approximately 43.7% to approximately RMB252.2 million from approximately RMB175.5 million for the year ended 31 December 2020.
- (f) During the Year, the revenue from community area services increased by approximately 68.8% to approximately RMB221.4 million from approximately RMB131.2 million for the year ended 31 December 2020.

While continuously promoting digital transformation, the Group continued to explore community life service scenarios and launch innovative business models. For community retail business, the Group adopted the core business model of “MCN+MOC” to establish multi-channel marketing presence. MCN refers to multi-channel network, and MOC refers to member operating center. In addition, the community media business promoted the SaaS ecological cooperation model, and integrated resources to activate the offline media resources across communities and connect them to a cloud platform. While activating the resources of existing projects, we also leveraged capital to carry out investments and mergers and acquisitions in the areas of advertising and media and real estate brokerage during the Year, which helped the fast formation of professional corporate capabilities and enabled the sustainable rapid growth of the community value-added services business.

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

During the Year, the revenue from value-added services to non-property owners increased by approximately 95.3% to approximately RMB2,675.1 million from approximately RMB1,369.7 million for the year ended 31 December 2020, accounting for approximately 9.3% of the total revenue (for the same period in 2020: approximately 8.8%).

The increase in the revenue from value-added services to non-property owners was mainly due to the increase in the revenue from the agency sales for parking space and unsold properties, and that we promoted full-cycle property services of the house and expanded our pre-delivery services offering.

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

During the Year, the revenue from the “Three Supplies and Property Management” businesses currently included 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 62.8% to approximately RMB2,507.5 million from approximately RMB1,540.2 million for the year ended 31 December 2020, accounting for approximately 8.7% of the total revenue (for the same period in 2020: approximately 9.9%).

The revenue from heat supply services increased by approximately 5.4% to approximately RMB1,221.8 million from approximately RMB1,159.1 million for the year ended 31 December 2020, accounting for approximately 4.2% of the total revenue (for the same period in 2020: approximately 7.4%).

The increase in the revenue from the “Three Supplies and Property Management” businesses was mainly because we continued to promote services to property owners and optimized infrastructure construction and have established a sound management service mechanism. We also focused on providing diversified community value-added services, which made the “Three Supplies and Property Management” businesses more comprehensive, agreeable and energetic and improved the sense of gain of property owners.

## **(5) City Services**

During the Year, the revenue from city services increased from approximately RMB884.1 million for the year ended 31 December 2020 to approximately RMB4,529.0 million, representing an increase of approximately 412.3% and accounting for approximately 15.7% of total revenue (for the same period in 2020: approximately 5.7%).

The growth of revenue from city services was mainly due to the consolidation of full-year results of businesses newly added last year during the Year. By actively following the strategy of focusing on new urbanization and adhering to the city service philosophy of “Making cities better with our services”, the Group put forward the service development strategy of “growing from 5-star communities to 5-star cities” and launched 5-star city manager services. We started with digital and intelligent city management services + digital community governance service platform, and solved the problem of “fragmented governance” for government and public services through integrated services and comprehensive solutions to support high-quality city development.

## **(6) Commercial Operational Services**

During the Year, commercial operational services recorded revenue of approximately RMB654.2 million.

The Company entered into property lease and commercial management services framework agreements with CG Holdings to lease commercial properties from and provide commercial management services to CG Holdings and its subsidiaries and their 30%-controlled companies, respectively. They have improved the Group’s whole value chain operation service level, generated great synergies, broadened the source of revenue, and thereby generated stable income, increased total revenue and enhanced profitability of the Group.

## **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 goods sold, (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 RMB19,979.0 million, representing an increase of approximately 94.0% as compared to approximately RMB10,300.7 million for the year ended 31 December 2020. 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 of various costs, as well as the increase in construction costs for infrastructure under service concession arrangements of city service companies.

## **Gross Profit and Gross Profit Margin**

During the Year, the overall gross profit increased by approximately RMB3,564.2 million to approximately RMB8,864.0 million from approximately RMB5,299.8 million for the year ended 31 December 2020, representing an increase of approximately 67.3%.

During the Year, the overall gross profit margin decreased by 3.3 percentage points to approximately 30.7% from approximately 34.0% for the year ended 31 December 2020, and the overall gross profit margin decreased mainly because (i) the government policy for exemption and reduction of social security contributions was cancelled during the Year; (ii) we continued to upgrade infrastructure and increased investment in intelligent upgrading of facilities; and (iii) the percentage contribution of city services, which have a relatively low gross profit margin, increased.

***(i) Property management services***

During the Year, the gross profit margin of property management services decreased by 4.3 percentage points to approximately 30.3% from approximately 34.6% for the year ended 31 December 2020.

The decrease in the gross profit property management services was mainly due to (i) the government policy for exemption and reduction of social security contributions was cancelled during the Year; and (ii) we continued to upgrade infrastructure, increased investment in intelligent upgrading of facilities, and promoted the development of facilities and equipment in a more advanced, complete, diversified, comprehensive and systematic direction, so as to upgrade the security and continuity for property owners to live in peace and help improve property owners' sense of high-quality services.

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

During the Year, the gross profit margin of community value-added services decreased by 4.6 percentage points to approximately 60.5% from approximately 65.1% for the year ended 31 December 2020.

The decrease in the gross profit margin of community value-added services was mainly due to: (i) the relatively low gross profit margins of certain businesses newly added during the Year; (ii) the gradual increase in the size of the purchase and sales business which has a relatively low gross profit margin; and (iii) the decrease in the gross profit margin of the media sector as a result of fierce competition due to the COVID-19 pandemic.

***(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 4.6 percentage points to approximately 40.9% from approximately 45.5% for the year ended 31 December 2020.

The decrease in the gross profit margin of value-added services to non-property owners was mainly due to the cancellation of the government policy for exemption and reduction of social security contributions and the increase in labour costs during the Year.

#### ***(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 increased from approximately 7.0% for the year ended 31 December 2020 to approximately 11.6%, representing an increase of 4.6 percentage points. The increase in the property management services under the “Three Supplies and Property Management” businesses was mainly due to the initial positive results of market expansion, quality management, intelligent construction and community value-added services.

During the Year, for the “Three Supplies and Property Management” businesses, the gross profit margin of heat supply services increased from approximately 8.6% for the year ended 31 December 2020 to approximately 10.4%, representing an increase of 1.8 percentage points. The increase in the gross profit margin of heat supply services under the “Three Supplies and Property Management” businesses was mainly due to the energy saving and efficiency improvement as a result of the upgrading and renovation of equipment and facilities under the separation and transfer reform.

#### ***(v) City Services***

During the Year, the gross profit margin of city services decreased from approximately 32.5% for the year ended 31 December 2020 to approximately 17.6%, representing a decrease of 14.9 percentage points.

The decrease in the gross profit margin of city services was mainly due to (i) the consolidation of full-year results of businesses newly added last year during the Year, which have relatively low gross profit margins and high percentages of revenue contribution; and (ii) the cancellation of the government policy for exemption and reduction of social security contributions during the Year.

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

During the Year, the gross profit margin of commercial operational services was approximately 50.3%. On the basis of our professional property management services and the economies of scale of our existing projects, the Group gathered scattered operating units and various business forms, adopted an unified intelligent technology information platform to integrate resources and connect the links of sales, investment promotion, operation and management, in order to build a multi-party business value chain and create service offering with long-term development potential. Such business has generated strong management synergies with the existing businesses of the Group.

### **Selling and Marketing Expenses**

During the Year, selling and marketing expenses were approximately RMB337.6 million, representing an increase of approximately 148.6% as compared with approximately RMB135.8 million for the year ended 31 December 2020.

The increase in selling and marketing expenses was mainly due to the increase in the market expansion expenses required for the diversified business development, business merger and acquisition, community value-added services and city services segments of the Group.

### **General and Administrative Expenses**

During the Year, general and administrative expenses were approximately RMB3,259.4 million, representing an increase of approximately 67.1% as compared with approximately RMB1,950.5 million for the year ended 31 December 2020.

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 1.2 percentage points from 12.5% for the same period in 2020 to approximately 11.3%, mainly because the Group further innovated its organizational management model and continued to promote measures such as regional integration to reduce the percentage of general and administrative expenses.

### **Other Income**

During the Year, other income was approximately RMB198.6 million, representing an increase of approximately 64.0% as compared with approximately RMB121.1 million for the year ended 31 December 2020. The increase in other income was mainly due to an increase in employment, individual income tax refund and other relevant government subsidies received compared to the same period last year as the Group expanded its business scale.

### **Other Gains — Net**

During the Year, other gains — net were approximately RMB451.9 million, representing an increase of approximately RMB57.9 million as compared with approximately RMB394.0 million for the year ended 31 December 2020.

The increase in other gains — net was mainly due to the increase in net foreign exchange gains as compared with the same period last year, partially offset by the decrease in the realised and unrealised gains on the financial assets at fair value through profit or loss.

### **Finance (Costs)/Income — Net**

During the Year, finance (costs)/income — net was approximately RMB-97.8 million, representing a decrease of approximately RMB141.5 million compared with approximately RMB43.7 million for the year ended 31 December 2020.

The decrease in finance (costs)/income — net was mainly due to the interest expenses on the convertible bonds issued in both periods, which are calculated at the effective interest rate using the effective interest rate method.

## **Income Tax Expense**

During the Year, income tax expense was approximately RMB1,323.4 million, representing an increase of approximately 41.8% compared to approximately RMB933.1 million for the year ended 31 December 2020.

The increase in income tax expense was mainly due to the increase in total profit before tax of the Group for the year ended 31 December 2021.

## **Profit for the Year**

During the Year, the net profit of the Group was approximately RMB4,349.5 million, representing an increase of approximately 56.4% compared to approximately RMB2,781.7 million for the year ended 31 December 2020.

During the Year, the profit attributable to the Shareholders of the Company increased from approximately RMB2,686.1 million for the year ended 31 December 2020 to approximately RMB4,033.4 million, representing an increase of approximately 50.2%.

During the Year, the profit attributable to the non-controlling interests of the Company increased by approximately 231.0% from approximately RMB95.5 million for the year ended 31 December 2020 to approximately RMB316.1 million.

## **Intangible Assets**

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

As at 31 December 2021, the intangible assets of the Group were approximately RMB27,944.8 million, representing an increase of approximately RMB21,768.5 million compared to approximately RMB6,176.3 million as at 31 December 2020, which was mainly due to several equity acquisitions completed by the Group during the Year, resulting in goodwill of approximately RMB14,932.8 million, property management contracts and customer relationships of approximately RMB5,198.9 million, and brands of approximately RMB1,876.2 million. Besides, the amortization of property management contracts and customer relationships, insurance brokerage license, brands and concession intangible assets arising from the acquisitions during the Year was approximately RMB523.1 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 2021, the balance of financial assets at fair value through other comprehensive income of the Group was approximately RMB4,164.5 million, representing an increase of approximately RMB4,154.5 million compared to approximately RMB10.0 million as at 31 December 2020. It was mainly due to the Group made strategic investments in certain entities

during the Year in order to increase the rate of return of future capital utilization and to enable the Group to achieve coordinated business development in terms of revenue, scale and corporate brand or conduct further capital cooperation with the relevant entities.

### **Trade and Other Receivables**

Trade and other receivables include trade receivables, other receivables, prepayments to suppliers and prepaid taxation.

As at 31 December 2021, the Group recorded net trade receivables of approximately RMB10,288.4 million, representing an increase of approximately RMB6,052.0 million compared to approximately RMB4,236.4 million as at 31 December 2020, 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 increased by approximately 581.9% from approximately RMB614.3 million as at 31 December 2020 to approximately RMB4,188.9 million as at 31 December 2021, mainly due to the fact the Group commenced the provision of equity-secured loans to third parties during the Year, as well as the increase in other receivables arising from new business expansion during the Year.

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

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

As at 31 December 2021, the balance of financial assets at fair value through profit or loss of the Group amounted to approximately RMB3,656.2 million, representing an increase of approximately RMB1,090.1 million as compared with approximately RMB2,566.1 million at 31 December 2020. Such increase was mainly due to the Group's purchase of new wealth management products to increase the returns on its idle fund, as well as the increase in the fair value of investments in a closed-end fund.

### **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 RMB2,581.9 million as at 31 December 2020 to approximately RMB4,535.7 million as at 31 December 2021, representing an increase of approximately RMB1,953.8 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 payable.

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 2021, trade payables of the Group were approximately RMB4,494.4 million, representing an increase of approximately RMB2,321.3 million compared to approximately RMB2,173.1 million as at 31 December 2020, 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 withholding funds for utilities and advance).

Other payables increased from approximately RMB3,549.3 million as at 31 December 2020 to approximately RMB6,858.7 million as at 31 December 2021, primarily due to the increase in deposits from property owners for interior decorations and the income generated from community area services that belong to property owners.

## **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.

On 20 May 2020, Best Path Global Limited, a wholly-owned subsidiary of the Company, issued convertible bonds in a principal amount of HKD3,875.0 million, all of which were converted into shares during the Year. In addition, convertible bonds in the aggregate principal amount of HKD5,038.0 million were issued by Best Path Global Limited on 3 June 2021.

As at 31 December 2021, the bank and other borrowings of the Group amounted to approximately RMB1,122.5 million (as at 31 December 2020: approximately RMB609.4 million), and the balance of the convertible bonds was approximately RMB4,064.8 million.

As at 31 December 2020 and 2021, the gearing ratio of the Group was maintained at net cash position.

### Liquidity, Financial and Capital Resources

As at 31 December 2021, total bank deposits and cash (including restricted bank deposits) of the Group were approximately RMB11,755.9 million, representing a decrease of approximately RMB3,585.6 million as compared with approximately RMB15,341.5 million as at 31 December 2020. Total bank deposits and cash were denominated in the following currencies:

	31 December 2021		31 December 2020	
	(RMB'000)	(%)	(RMB'000)	(%)
RMB	5,741,171	48.8	6,492,134	42.3
HKD	5,962,307	50.7	8,799,390	57.4
Other currencies	52,423	0.5	49,971	0.3
	<u>11,755,901</u>	<u>100.0</u>	<u>15,341,495</u>	<u>100.0</u>

Out of the total bank deposits and cash of the Group, restricted bank deposits of approximately RMB137.3 million (as at 31 December 2020: approximately RMB126.3 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 subsidiaries Manguo and Dongfei.

As at 31 December 2021, the net current assets of the Group were approximately RMB6,409.9 million (31 December 2020: approximately RMB9,055.2 million). The current ratio (current assets/current liabilities) of the Group was 1.3 times (31 December 2020: 1.6 times).

### 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 service 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 the Group's property management services for a significant number of properties 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 and trade receivables 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 strategy as appropriate to reduce foreign exchange risks.

## **Employees and Remuneration Policies**

As at 31 December 2021, the Group had 223,667 employees (31 December 2020: 153,585 employees). During the Year, the total staff costs were approximately RMB10,397.1 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, 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 also adopted the Pre-Listing Share Option Scheme on 13 March 2018 and the Share Option Scheme on 28 September 2020. Under the Share Option Scheme adopted on 28 September 2020, the Group granted a total of 1,600,000 share options to the eligible participants during the Year, and the share options granted are subject to multiple terms. In addition, 39,884,400 Shares were issued upon exercise of the share options under the Pre-Listing Share Option Scheme, and 18,661,000 Shares were issued upon exercise of the share options under the Share Option Scheme during the Year.

### **Employee Training and Development**

The training was carried out by combining online and offline training to meet the needs of employees in different learning scenarios. For online training, through a training map, we offered courses covering posts ranging from general employees to senior management, and met the learning needs for different time and space via mobile learning platform, video conference and other tools. For offline training, we quickly trained various talents meeting needs of the business development of the Company through various key talent training camps and the post experience map.

In 2021, the Group organized online and offline training on various subjects, with approximately 1.4 million participants and 500,000 training hours in total, including 120,000 offline training hours. Such measures ensured the general employees' ability to perform their duties and increased the management level of management cadres at all levels, thus provided timely and effective support for the Group's business development.

### **Charge on Assets**

As at 31 December 2021, 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 city service projects, they had mainly secured by several city service projects, certain equipments and trade receivables. In addition, Country Garden Life Services Group Co., Ltd. (碧桂園生活服務集團股份有限公司), 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**

As at 31 December 2021, the Group did not have any material contingent liabilities.

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

During the Year, save for those disclosed in the section headed "Significant Events during the Year" below, the Group had no other material acquisitions or disposals. During the year ended 31 December 2021, the Group had made no individually significant investments.

## SIGNIFICANT EVENTS DURING THE YEAR

### *Acquisition and Privatisation of Justbon Services*

On 22 March 2021 (after trading hours), Country Garden Property Services HK Holdings Company Limited (the “**Offeror**” or “**CG Property Services HK**”, an indirect wholly-owned subsidiary of the Company), Sichuan Languang Hejun Industries Co., Ltd.\* (四川藍光和駿實業有限公司), Ningbo Jiaqian Corporate Management Partnership (Limited Partnership)\* (寧波嘉乾企業管理合夥企業 (有限合夥)) and Chengdu Jiayu Enterprise Management Center (Limited Partnership)\* (成都嘉裕企業管理中心 (有限合夥)) entered into certain agreements in relation to the acquisition of a total of 750,000 domestic shares and 126,011,860 H shares in Justbon Services at an aggregate cash consideration of RMB5,432,323,192.00 (equivalent to HK\$6,472,059,560.39), as amended by a supplemental agreement dated 9 April 2021.

Upon completion of the acquisition in April 2021, the Offeror made unconditional mandatory cash offers for all the issued H shares and domestic shares of Justbon Services (other than those then already owned by or agreed to be acquired by the Offeror and parties acting in concert with it at the time when the offers were made) at the enhanced share offer price at HK\$54.3 per H share and RMB45.5768 per domestic share (the “**Offers**”) pursuant to the Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong.

Immediately after the close of the Offers on 12 August 2021, the Offeror and parties acting in concert with it were interested in 176,467,798 H shares of Justbon Services (representing approximately 99.71% and 99.08% of the then issued H shares and issued shares of Justbon Services respectively) and 1,116,800 domestic shares of Justbon Services (representing approximately 99.75% and 0.63% of the then issued domestic shares and issued shares of Justbon Services respectively).

The resolution for approving the delisting of H shares of Justbon Services from the Stock Exchange was passed in the general meeting and the H share class meeting of Justbon Services held on 17 June 2021, and the delisting acceptance condition was satisfied on 15 July 2021. Listing of the H shares of Justbon Services on the Stock Exchange was voluntarily withdrawn at 4:00 p.m. on 19 August 2021.

Please refer to (i) the announcements of the Company dated 25 February 2021, 11 March 2021, 22 March 2021, 12 April 2021, 13 April 2021, 15 April 2021, 16 April 2021, 19 April 2021, 30 April 2021, 3 May 2021, 18 May 2021, 17 June 2021, 2 July 2021, 15 July 2021 and 12 August 2021; and (ii) the composite document dated 3 May 2021 for further details.

### *Acquisition of Entire Equity Interest in Wealth Best Global*

On 20 September 2021 (after trading hours), CG Property Services HK entered into an equity transfer agreement with R&F Property Services Group Company Limited (“**R&F Property**”) in relation to the acquisition of 100% equity interest in Wealth Best Global. As at the date of this announcement, CG Property Services HK has paid cash consideration of RMB5 billion (which may be reduced as a result of the failure to meet certain conditions). CG Property Services HK conditionally agreed to pay up to RMB2 billion for the security for the long-term continuity and stability of the scale of the value-added services to non-property owners between the related parties of R&F Property and Wealth Best Global, and to pay up to RMB3 billion for the future areas under management of 66 million sq.m., which are subject to further negotiation. R&F Property (holding and through Wealth Best Global and its subsidiaries) is a comprehensive property management service provider, offering a wide range of property management services and commercial operational services in the PRC.

On 11 October 2021 (after trading hours), CG Property Services HK, R&F Property and other parties to the equity transfer agreement entered into a supplemental agreement in relation to the payment arrangement for the consideration. Please refer to the announcements of the Company dated 20 September 2021 and 12 October 2021 for further details. CG Property Services HK has obtained control over Wealth Best Global and its subsidiaries in October 2021, and completion of the equity transfer and post-investment management in respect of the acquisition are underway smoothly.

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

On 28 September 2021 (after trading hours), CG Property Services HK 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 at a consideration of no more than RMB3.3 billion. Link Joy Holdings holds 100% equity interest in 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 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 forfeited 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.

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 the acquisition is progressing smoothly. The Company will further announce the updates on the acquisition in accordance with the Listing Rules in due course.

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

*Continuing Connected Transactions — Property Lease and Business Management Services; and Connected Transactions — Equity Acquisitions*

On 13 April 2021 (after trading hours), the Company and CG Holdings entered into: (1) the Property Lease Framework Agreement, which sets out the principal terms for the lease of properties by the CGH Group (as lessor) to the Group (as lessee), for a term from 13 April 2021 until 31 December 2023; the total amount of the right-of-use assets under the Property Lease Framework Agreement for each of the three years ending 31 December 2023 shall not exceed RMB1.5 billion, RMB1.4 billion and RMB700 million, respectively; (2) the Business Management Service Framework Agreement, which sets out the principal terms for the provision of business management services by the Group to the CGH Group, for a term from 13 April 2021 until 31 December 2023; the proposed annual caps under the Business Management Service Framework Agreement for each of the three years ending 31 December 2023 are RMB420 million, RMB450 million and RMB480 million, respectively.

On 13 April 2021 (after trading hours), subsidiaries of the Company entered into certain equity transfer agreements with subsidiaries of CG Holdings in relation to the acquisition of four commercial management business companies at a total consideration of RMB20 million.

On 5 August 2021 (after trading hours), an indirect non-wholly-owned subsidiary of the Company entered into an equity transfer agreement with a subsidiary of CG Holdings in relation to the acquisition of a company providing business management and services at a total consideration of RMB16.8 million. Please refer to the announcements of the Company dated 13 April 2021 and 5 August 2021 for further details of the transactions mentioned above.

**Placing of New Shares Under the General Mandate**

On 24 May 2021, the Company entered into a placing agreement with UBS AG Hong Kong Branch (“**UBS**”), China International Capital Corporation Hong Kong Securities Limited (“**CICC**”) and Morgan Stanley & Co. International plc (“**Morgan Stanley**”) as the placing agents, pursuant to which the Company conditionally agreed to appoint such placing agents, and such placing agents, on a several (not joint nor joint and several) basis, conditionally agreed to act as placing agents for the Company, and to procure, on a fully underwritten basis, placees to subscribe for (or failing which, to purchase themselves as principals) an aggregate of 139,380,000 new shares at a price of HK\$75.25 per Share (the “**May 2021 Placing**”). In accordance with the relevant placing agreement, the placing agents will procure the placing of such new shares to no less than six placees, who/which would be professional, institutional and/or other investors. The gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the May 2021 Placing were approximately HK\$10,488.3 million and approximately

HK\$10,424.1 million, respectively. The conditions precedent to the May 2021 Placing have been satisfied. On 1 June 2021, the Company issued 139,380,000 Shares at a subscription price of HK\$75.25 per share under the general mandate granted to the Directors at the annual general meeting of the Company held on 16 June 2020.

The Company intended to use the net proceeds from the May 2021 Placing for investments in potential future merger and acquisition projects relating to the principal activities of the Group, expansion in respect of new businesses including commercial management services, asset management services and life services, working capital and general corporate purposes.

On 18 November 2021, the Company entered into a placing agreement with UBS, CICC and Citigroup Global Markets Limited as the placing agents, pursuant to which the Company conditionally agreed to appoint such placing agents, and such placing agents, on a several (not joint nor joint and several) basis, conditionally agreed to act as placing agents for the Company, and to procure, on a fully underwritten basis, placees to subscribe for (or failing which, to purchase themselves as principals) an aggregate of 150,000,000 new shares at a price of HK\$53.35 per Share (the “**November 2021 Placing**”). In accordance with the relevant placing agreement, the placing agents will procure the placing of such new shares to no less than six placees, who/which would be professional, institutional and/or other investors. The gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the November 2021 Placing were approximately HK\$8,002.50 million and approximately HK\$8,002.12 million, respectively. The conditions precedent to the November 2021 Placing have been satisfied. On 26 November 2021, the Company issued 150,000,000 Shares at a subscription price of HK\$53.35 per Share under the general mandate granted to the Directors at the annual general meeting of the Company held on 28 May 2021.

The Company intended to use the net proceeds from the November 2021 Placing for investments in potential future merger and acquisition projects relating to the principal activities of the Group, expansion in respect of new businesses including commercial and office building services, commercial management services, city services and life services, refinancing and working capital purposes.

The Directors consider that the May 2021 Placing and the November 2021 Placing represent opportunities to raise capital for the Company while broadening its shareholder and capital base, and that they will strengthen the financial position and liquidity of the Group and provide funding to the Group for working capital and future development purposes without incurring interest costs. For details, please refer to the announcements of the Company dated 24 May 2021, 25 May 2021, 18 November 2021 and 26 November 2021.

### **Issue of Convertible Bonds under the General Mandate**

On 24 May 2021, the Company, Best Path Global Limited (the “**Issuer**”, a wholly-owned subsidiary of the Company), UBS, CICC and Morgan Stanley as the managers (the “**Managers**”) entered into an agreement in relation to the issue of bonds (the “**Agreement**”), pursuant to which the Managers, severally and not jointly, agreed to subscribe for, or to procure subscribers to subscribe for, the convertible bonds to be issued by the Issuer (the “**Bonds**”) in the aggregate principal amount of HK\$5,038 million. The Bonds are interest-free, unsecured and unconditionally and irrevocably guaranteed by the Company.

Based on an initial conversion price of HK\$97.83 per share of the Company (the “**Share(s)**”) and assuming full conversion of the Bonds at the initial conversion price, the Bonds will be convertible into 51,497,495 Shares, representing approximately 1.68% of the then issued share capital of the Company and approximately 1.65% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the Bonds. Shares which may fall to be allotted and issued upon the conversion of the Bonds (the “**Conversion Shares**”) will be issued under the general mandate granted to the Directors to issue up to 550,707,960 Shares at the annual general meeting held on 16 June 2020.

The conditions precedent set out in the Agreement have been satisfied. The gross proceeds from the issue of the Bonds are HK\$5,038 million, and the net proceeds (after deducting the relevant expenses and professional fees) are approximately HK\$5,002.8 million. The net price per Conversion Share is approximately HK\$97.15. The Company intends to use the net proceeds for investments in potential future merger and acquisition projects relating to the principal activities of the Group, expansion in respect of new businesses including commercial management services, asset management services and life services, working capital and general corporate purposes. The Listing Committee of the Stock Exchange has approved the listing of and dealing in the Conversion Shares and the Bonds have been listed and quoted on the Singapore Exchange Limited (“**SGX**”), and its offering circular is available on the website of the SGX. Please refer to the announcements of the Company dated 24 May 2021, 25 May 2021 and 9 June 2021 for further details.

## **EVENTS SUBSEQUENT TO THE REPORTING PERIOD**

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

On 11 February 2022, CG Property Services HK entered into binding equity purchase agreements (the “**Agreements**”) 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), 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. Yang Jian (楊劍), Mr. Li Jiacheng (李家城) and Mr. Ma Fei (馬飛) (collectively, the “**Vendors**”), in relation to the acquisition by CG Property Services HK of a total of approximately 93.76% equity interest in Everjoy Services Company Limited (中梁百悅智佳服務有限公司) (“**Everjoy Services**”). The terms of the Agreements were determined after arm’s length negotiations between the parties.

Currently, the completion of the equity transfer and post-investment takeover in respect of the acquisition are underway smoothly. The Company will further announce the updates on the acquisition in accordance with the Listing Rules in due course.

Please refer to the announcement of the Company dated 14 February 2022 for further details.

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

As stated above, on 28 September 2021 (after trading hours), CG Property Services HK entered into an equity transfer agreement with Colour Life Services to acquire the Target Shares at a consideration of no more than RMB3.3 billion, 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, the amendment to the conditions to the payment of consideration and the arrangement for loan repayment.

Please refer to the section headed “Significant Events during the Year — Acquisition of Entire Equity Interest in Link Joy Holdings” above for further details.

## **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 2021 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 2021. 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 2021.

## **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 (the “**Corporate Governance Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on Stock Exchange (the “**Listing Rules**”) which were effective during the Year as its own code of corporate governance.

During the year ended 31 December 2021, the Company had adopted and complied with all applicable code provisions set out in the Corporate Governance Code (as effective during the Year).

## 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 2021 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 2021, the interests and short positions of the Directors and chief executives of the Company in the shares of the Company (“**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

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 2021	Number of debentures held
Ms. Yang Huiyan	Interest of controlled corporation	1,451,120,428 <sup>(2)</sup>	—	1,451,120,428	43.11%	—
Mr. Li Changjiang	Beneficial owner and interest of spouse	5,168,915 <sup>(3)(4)</sup>	5,790,000 <sup>(8)</sup>	10,958,915	0.33%	—
Ms. Wu Bijun	Beneficial owner	4,471,390 <sup>(3)(5)</sup>	—	4,471,390	0.13%	—
Mr. Xiao Hua	Beneficial owner	1,435,795 <sup>(3)(6)</sup>	1,520,000 <sup>(8)</sup>	2,955,795	0.09%	—
Mr. Guo Zhanjun	Beneficial owner	1,415,925 <sup>(3)(7)</sup>	1,200,000 <sup>(8)</sup>	2,615,925	0.08%	—
Mr. Yang Zhicheng	Beneficial owner	—	2,400,000 <sup>(8)</sup>	2,400,000	0.07%	—

*Notes:*

- (1) As at 31 December 2021, the total number of Shares in issue of the Company was 3,366,067,903 Shares.
- (2) As at 31 December 2021, Concrete Win Limited (“**Concrete Win**”) and Fortune Warrior Global Limited (“**Fortune Warrior**”) held 1,326,120,428 Shares and 125,000,000 Shares, respectively. Concrete Win and Fortune Warrior 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 and Fortune Warrior were interested.
- (3) The relevant interests include the Shares received from the exercise of the unlisted physically settled options granted pursuant to the Company’s pre-listing share option scheme, which was adopted by the then Shareholders on 13 March 2018 (the “**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.
- (4) These Shares represent 1,260,000 Shares held by Ms. Huang Zhihua, spouse of Mr. Li Changjiang, which were purchased in the secondary market, 19,515 Shares received by Mr. Li Changjiang as the distributed final dividend of CG Services for 2020 and 3,889,400 Shares issued to Mr. Li Changjiang upon his exercise of the options granted to him under the Pre-Listing Share Option Scheme.
- (5) These Shares represent 56,190 Shares distributed to Ms. Wu Bijun by virtue of the shares of CGH held by her prior to the spin-off and separate listing of the Shares on the Main Board of the Stock Exchange, 177,000 Shares purchased by Ms. Wu Bijun in the secondary market and 4,238,200 Shares issued to Ms. Wu Bijun upon her exercise of the options granted to her under the Pre-Listing Share Option Scheme.
- (6) 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 1,430,200 Shares issued to Mr. Xiao Hua upon his exercise of the options granted to him under the Pre-Listing Share Option Scheme.
- (7) These Shares represent 4,725 Shares received by Mr. Guo Zhanjun as the distributed final dividend of CG Services for 2020 and 1,411,200 Shares issued to Mr. Guo Zhanjun upon his exercise of the options granted to him under the Pre-Listing Share Option Scheme.
- (8) The relevant interests are unlisted physically settled options granted pursuant to the Company’s share option scheme, which was adopted by the then Shareholders on 28 September 2020 (the “**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.

## 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 2021 <sup>(1)</sup>
Ms. Yang Huiyan	Sichuan Justbon Life Services Group Co., Ltd.	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 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 2021.

Save as disclosed above, as at 31 December 2021, 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 2021, 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	1,326,120,428 (L)	39.40%
Mr. Chen Chong <sup>(2)</sup>	Interest of spouse	1,451,120,428 (L)	43.11%
JPMorgan Chase & Co. <sup>(3)</sup>	Interest of controlled corporation	36,363,962 (L) 26,603,619 (S)	1.08% 0.79%
	Investment manager	73,295,547 (L)	2.18%
	Person having a security interest in shares	3,786,274 (L)	0.11%
	Approved lending agent	78,801,168 (L)	2.34%

Notes:

L — long position, S — short position

- (1) As at 31 December 2021, the total number of Shares in issue of the Company was 3,366,067,903 Shares.
- (2) 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**”.
- (3) JPMorgan Chase & Co. is interested in 192,246,951 Shares (long position, of which 78,801,168 Shares are in a lending pool) and 26,603,619 Shares (short position), accounting for approximately 5.71% and 0.79% of Shares in issue, respectively. As shown in the Disclosure of Interests, these interests in Shares are held by JPMorgan Asset Management (Asia Pacific) Limited and China International Fund Management Co., Ltd. (a corporation held indirectly by JPMorgan Chase & Co. as to 99.99% and 49% control respectively) and other corporations controlled directly or indirectly by JPMorgan Chase & Co as to 100% control. Among which, 12,132,331 Shares (long position) and 13,911,702 Shares (short position) are derivatives interests, including 296,300 Shares (short position) as cash-settled listed derivatives, 2,752,000 Shares (long position) and 7,486,381 Shares (short position) as cash-settled unlisted derivatives, 1,070,000 Shares (long position) and 2,173,181 Shares (short position) as physically settled unlisted derivatives and 8,310,331 Shares (long position) and 3,955,840 Shares (short position) as convertible instruments of listed derivatives.

Save as disclosed above, as at 31 December 2021, 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 approved and adopted the Share Option Scheme at the extraordinary general meeting of the Company held on 28 September 2020, which is for a term of 10 years from the date of its adoption and will expire on 27 September 2030.

The Board has the power to manage the Share Option Scheme and its decisions, interpretations or influence on all matters relating to the Share Option Scheme 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 Scheme by resolution, including but not limited to selecting among eligible participants and granting share options to grantees in accordance with the Share Option Scheme, subject to the terms and conditions of the Share Option Scheme.

During the year ended 31 December 2021, the Company granted options to eligible persons to subscribe for 1,600,000 Shares in total in accordance with the terms of the Share Option Scheme. Such options had a fair value of HKD72.40 per Share on the date of grant.

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

During the year ended 31 December 2021, the Company repurchased a total of 12,282,000 Shares on the Hong Kong Stock Exchange at a total consideration of HK\$714,509,300 (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) HK\$
		Highest HK\$	Lowest HK\$	
August 2021	9,022,000	60.95	59.05	542,061,750
September 2021	1,181,000	62.25	60.40	72,634,300
November 2021	415,000	47.20	46.85	19,505,900
December 2021	1,664,000	52.70	46.20	80,307,350
	<u>12,282,000</u>			<u>714,509,300</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 2021, the total number of Shares in issue of the Company was 3,366,067,903 Shares.

Save as disclosed above, during the year ended 31 December 2021, 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 RMB29.95 cents per Share for the year ended 31 December 2021 (2020: RMB21.87 cents per Share) to the 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 average central parity rate of RMB to Hong Kong dollars as announced by the People's Bank of China for the period from Tuesday, 31 May 2022 to Tuesday, 7 June 2022. The Eligible Shareholders will be given an option to elect to receive the final dividend all in new Shares or partly in new Shares and partly in cash or all in cash (the "**Scrip Dividend Scheme**"). The new Shares will, on issue, rank pari passu in all respects with the existing Shares in issue on the date of the allotment and issue of the new Shares except that they shall not be entitled to the proposed final dividend.

The Scrip Dividend Scheme is conditional upon the passing of the resolution relating to the payment of the final dividend at the 2022 AGM of the Company and the Stock Exchange granting the listing of, and permission to deal in, the new Shares to be issued under the Scrip Dividend Scheme.

A circular giving full details of the Scrip Dividend Scheme together with the relevant form of election will be sent to the Eligible Shareholders on or around Friday, 22 July 2022. It is expected that the final dividend warrants and certificates for the new Shares (in case the Eligible Shareholders have elected to receive part or all their final dividend in the form of new Shares) will be despatched to the Eligible Shareholders at their own risk on or around Tuesday, 30 August 2022.

## CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the eligibility of the Shareholders to attend, speak and vote at the 2022 AGM of the Company, and the Eligible Shareholders' entitlement to the proposed final 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 2022 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 Monday, 23 May 2022
Record date	Tuesday, 24 May 2022
Closure of the register of members of the Company	Tuesday, 24 May 2022 to Friday, 27 May 2022 (both days inclusive)

(ii) Subject to the passing of the proposal for distributing the final dividend at the 2022 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 Thursday, 2 June 2022
Closure of the register of members of the Company	Monday, 6 June 2022 to Tuesday, 7 June 2022 (both days inclusive)
Record date	Tuesday, 7 June 2022

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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the aforementioned latest time.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

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 2021 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 2022.

## **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 2022

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

\* *For identification purposes only*