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COUNTRY GARDEN SERVICES HOLDINGS COMPANY LIMITED

碧 桂 園 服 務 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6098)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHTS

- The revenue of the Group for the Period increased from approximately RMB1,414.9 million for the same period in 2017 to approximately RMB2,015.8 million, representing an increase of approximately 42.5%.
- The gross profit of the Group for the Period increased from approximately RMB486.7 million for the same period in 2017 to approximately RMB786.1 million, representing an increase of approximately 61.5%. Gross profit margin increased by 4.6 percentage points to approximately 39.0% from approximately 34.4% for the same period in 2017.
- The net profit of the Group for the Period increased from approximately RMB221.0 million for the same period in 2017 to approximately RMB479.6 million, representing an increase of approximately 117.0%.
- The profit attributable to the owners of the Company increased from approximately RMB202.1 million for the same period in 2017 to approximately RMB471.1 million, representing an increase of approximately 133.1%.
- During the Period, the basic earnings per share increased from approximately RMB8.08 cents for the same period in 2017 to approximately RMB18.84 cents, representing an increase of approximately 133.2%.
- As at 30 June 2018, the total bank deposits and cash of the Group were approximately RMB3,094.0 million (31 December 2017: approximately RMB2,637.1 million).
- As at 30 June 2018, the revenue-bearing GFA of the property management services of the Group increased by approximately 14.0 million sq.m. to approximately 136.8 million sq.m. from approximately 122.8 million sq.m. as at 31 December 2017, representing an increase of approximately 29.4 million sq.m. compared with approximately 107.4 million sq.m. as at 30 June 2017.

The board (the “**Board**”) of directors (the “**Directors**”) of Country Garden Services Holdings Company Limited (the “**Company**” or “**CG Services**”) announces the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2018 (the “**Period**”) as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited	
		Six months ended 30 June	
	Note	2018	2017
		RMB'000	RMB'000
Revenue	5	2,015,771	1,414,934
Cost of services	5	(1,229,710)	(928,197)
Gross profit		786,061	486,737
Selling and marketing expenses		(8,812)	(4,162)
General and administrative expenses		(293,594)	(202,284)
Net impairment losses on financial assets		(4,990)	—
Other income		5,108	7,567
Other gains — net	6	19,221	300
Operating profit		502,994	288,158
Finance income		12,895	7,491
Share of results of joint ventures		2,720	2,829
Share of results of associates		(2,818)	(2,924)
Profit before income tax		515,791	295,554
Income tax expense	7	(36,152)	(74,601)
Profit and total comprehensive income for the period		479,639	220,953
Profit and total comprehensive income attributable to:			
— Owners of the Company		471,082	202,060
— Non-controlling interests		8,557	18,893
		479,639	220,953
Earnings per share (expressed in RMB cents per share)			
— Basic and diluted earnings per share	8	18.84	8.08

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited 30 June 2018 RMB'000	Audited 31 December 2017 RMB'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		83,892	78,575
Intangible assets		24,685	20,858
Investments in joint ventures		16,554	13,834
Investments in associates		—	4,426
Financial assets at fair value through other comprehensive income		5,360	174
Deferred income tax assets		1,790	3,702
		<u>132,281</u>	<u>121,569</u>
Current assets			
Inventories		7,166	6,123
Trade and other receivables	10	641,597	712,334
Restricted bank deposits		2,819	2,797
Cash and cash equivalents		3,091,215	2,634,297
		<u>3,742,797</u>	<u>3,355,551</u>
Total assets		<u><u>3,875,078</u></u>	<u><u>3,477,120</u></u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	11	1,584	—
Other reserves		492,119	500,142
Retained earnings		1,298,213	921,031
		<u>1,791,916</u>	<u>1,421,173</u>
Non-controlling interests		<u>26,114</u>	<u>120,933</u>
Total equity		<u><u>1,818,030</u></u>	<u><u>1,542,106</u></u>

		Unaudited 30 June 2018 RMB'000	Audited 31 December 2017 RMB'000
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		<u>14,752</u>	<u>14,456</u>
Current liabilities			
Contract liabilities		702,332	556,880
Trade and other payables	12	1,280,125	1,314,905
Current income tax liabilities		<u>59,839</u>	<u>48,773</u>
		<u>2,042,296</u>	<u>1,920,558</u>
Total liabilities		<u>2,057,048</u>	<u>1,935,014</u>
Total equity and liabilities		<u><u>3,875,078</u></u>	<u><u>3,477,120</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. General information

The Company was incorporated in the Cayman Islands on 24 January 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands.

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

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

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

On 29 May 2018, the board of directors of Country Garden Holdings Company Limited (**"CGH"**) declared a special dividend to be satisfied wholly by way of a distribution in specie to its then qualifying shareholders of an aggregate of 2,500,000,000 shares of the Company, representing the entire issued share capital of the Company (Note 11), in proportion to their shareholdings in CGH as at 13 June 2018 (the **"CGH Distribution"**). The CGH Distribution was conditional on the listing committee of the Stock Exchange's granting approval for the listing by way of introduction of, and permission to deal in, the Company's shares on the Main Board of the Stock Exchange. Prior to the CGH Distribution, the immediate holding company of the Company was Wise Fame Group Limited (**"Wise Fame"**); after the CGH Distribution, the Company has no immediate holding company and it is ultimately controlled by Ms. Yang Huiyan.

This interim financial information for the six months ended 30 June 2018 (**"Interim Financial Information"**) is presented in Renminbi (**"RMB"**), unless otherwise stated.

2. Basis of preparation

This Interim Financial Information has been prepared in accordance with the Hong Kong Accounting Standard (**"HKAS"**) 34, 'Interim Financial Reporting'. This Interim Financial Information should be read in conjunction with the historical financial information of the Group for the years ended 31 December 2015, 2016 and 2017 included in the appendix I to the Company's listing document dated 6 June 2018 (the **"Historical Financial Information"**), which have been prepared in accordance with the Hong Kong Financial Reporting Standards (**"HKFRSs"**) issued by the Hong Kong Institute of Certified Public Accountants (**"HKICPA"**).

3. Significant accounting policies

The accounting policies applied are consistent with those as described in the Historical Financial Information, except for the adoption of amendments to HKFRSs effective for the financial year ending 31 December 2018. Income tax expense was recognised based on management's estimate of the annual income tax rate expected for the full financial year.

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

The Group has early adopted HKFRS 9 "Financial Instruments" and HKFRS 15 "Revenue from Contracts with Customers" in previous years as disclosed in the Historical Financial Information.

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

		Effective for annual periods beginning on or after
HKFRS 16	Leases	1 January 2019
HKFRIC 23	Uncertainty over income tax treatment	1 January 2019
HKFRS 17	Insurance contract	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associates or joint ventures	To be determined

The Group is yet to assess the impact of the above new standards, amendments and interpretations to existing standards on the Group's financial statements.

4. 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 that make strategic decisions.

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

The major operating entity of the Group is domiciled in the PRC. Accordingly, most of the Group's revenue were derived in the PRC during the six months ended 30 June 2018 and 2017.

As at 30 June 2018 and 31 December 2017, all of the non-current assets were located in the PRC.

5. Revenue and cost of services

	Six months ended 30 June			
	2018		2017	
	Revenue RMB'000	Cost of services RMB'000	Revenue RMB'000	Cost of services RMB'000
Revenue from customer and recognised over time:				
Property management services	1,563,740	1,027,490	1,160,184	807,620
Community value-added services	171,164	56,582	111,976	45,327
Value-added services to non-property owners	275,642	144,349	139,284	74,767
Other services	5,225	1,289	3,490	483
	<u>2,015,771</u>	<u>1,229,710</u>	<u>1,414,934</u>	<u>928,197</u>

6. Other gains — net

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Gains on disposal of investments in associates (i)	12,579	—
Revaluation gains on reclassification from investments in associates to financial assets at fair value through other comprehensive income	4,313	—
(Losses)/gains on disposal of property, plant and equipment	(187)	165
Others	2,516	135
	<u>19,221</u>	<u>300</u>

- (i) In March 2018, the Group disposed of its 30% equity interests in Guangdong Shunde Fenghuang Youxuan Commercial Company Limited (“**Fenghuang Youxuan**”) to a subsidiary of CGH at a cash consideration of RMB6,000,000, and disposed of its 15.1% equity interests in Shenzhen Wangshenghuo Internet Technology Company Limited (“**Wangshenghuo**”) to an independent third party at a cash consideration of RMB7,550,000, which resulted in an aggregate disposal gain of RMB12,579,000. The considerations of the above two transactions were fully paid in March 2018.

7. Income tax expense

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Current income tax — PRC		
— Provision of current income tax	80,653	74,748
— Withholding income tax on profits distributed	11,600	—
— Overprovision in previous years	(58,309)	—
	<u>33,944</u>	<u>74,748</u>
Deferred income tax		
— Corporate income tax	1,728	(147)
— Withholding income tax on profits to be distributed in future	480	—
	<u>2,208</u>	<u>(147)</u>
	<u>36,152</u>	<u>74,601</u>

In May 2018, a principal subsidiary of the Group, Country Garden Property Services Co., Ltd (“**CG Property Services**”) received the certificate of “High and New Technology Enterprise” under which it is entitled to a preferential income tax rate of 15% for the three years from 1 January 2017 to 31 December 2019. In prior year, income tax expense of CG Property Services was provided at the then enacted tax rate of 25%, therefore, the overprovision of income tax expense for the year ended 31 December 2017 of RMB58,309,000 was reversed in the six months ended 30 June 2018, the related balance of tax recoverable as at 30 June 2018 was RMB52,636,000.

8. 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 ordinary shares in issue during the Period.

	Six months ended 30 June	
	2018	2017
Profit attributable to the owners of the Company (RMB'000)	471,082	202,060
Weighted average number of ordinary shares in issue (thousands shares)	2,500,000	2,500,000
Basic earnings per share (RMB cents)	18.84	8.08

(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 Company has dilutive potential ordinary shares arising from the pre-listing share option scheme. For the pre-listing share option scheme, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share. The share options granted are subject to certain performance conditions. Such performance conditions have not been met as of 30 June 2018, therefore, for the six months ended 30 June 2018, no dilutive shares arising from the pre-listing share option scheme were included in the calculation of the diluted earnings per share and hence the diluted earnings per share was equal to the basic earnings per share.

For the six months ended 30 June 2017, diluted earnings per share was equal to the basic earnings per share as there were no dilutive shares.

9. Dividends

According to the shareholder's resolution of the Company dated 5 May 2018, a dividend of RMB0.03756 per share totaling RMB93,900,000 was declared and paid to its then shareholder, Wise Fame. The Board resolved that no interim dividend shall be declared for the six months ended 30 June 2018 (six months ended 30 June 2017: nil)

10. Trade and other receivables

	30 June 2018 RMB'000	31 December 2017 RMB'000
Trade receivables (a)		
— Related parties	23,053	16,474
— Third parties	455,808	378,685
	478,861	395,159
Less: allowance for impairment of trade receivables	(27,009)	(23,550)
	451,852	371,609

	30 June 2018 RMB'000	31 December 2017 RMB'000
Other receivables		
— Related parties	—	233,489
— Payments on behalf of property owners	81,269	59,493
— Tax recoverable (Note 7)	52,636	—
— Others	44,431	32,268
	<u>178,336</u>	<u>325,250</u>
Less: allowance for impairment of other receivables	<u>(3,767)</u>	<u>(2,625)</u>
	<u>174,569</u>	<u>322,625</u>
Prepayments to suppliers	10,965	7,314
Prepayments for tax	4,211	10,786
	<u>641,597</u>	<u>712,334</u>

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

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

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

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

	30 June 2018 RMB'000	31 December 2017 RMB'000
0 to 180 days	288,401	190,479
181 to 365 days	68,667	95,038
1 to 2 years	70,715	67,379
2 to 3 years	29,804	23,365
Over 3 years	21,274	18,898
	<u>478,861</u>	<u>395,159</u>

11. Share capital

		Number of shares	Nominal value of shares	Equivalent nominal value of shares RMB'000
Authorised				
Ordinary share of HKD0.10 each upon incorporation	(a)	3,800,000	380,000	
Cancellation of ordinary share of HKD0.10 each	(b)	(3,800,000)	(380,000)	
Increase in authorised share capital of USD\$0.0001 each	(b)	10,000,000,000	1,000,000	
		<u>10,000,000,000</u>	<u>1,000,000</u>	
Issued and fully paid				
At 6 March 2018, issue of HKD0.10 each		2	—	—
At 13 March 2018, issue of HKD0.10 each	(b)	76	8	—
At 13 March 2018, repurchase of HKD0.10 each	(b)	(78)	(8)	—
At 13 March 2018, issue of USD0.0001 each	(b)	10,000	1	—
At 13 March 2018, issue of USD0.0001 each	(c)	2,499,990,000	249,999	1,584
At 30 June 2018		<u>2,500,000,000</u>	<u>250,000</u>	<u>1,584</u>

- (a) The Company was incorporated in the Cayman Islands on 24 January 2018 with authorised and issued share capital of HKD380,000 divided into 3,800,000 ordinary shares of HKD0.10 each, among which one nil-paid share was issued and held by Wise Fame.
- (b) On 13 March 2018, a written resolution was passed by the Company's shareholders, approving (i) the application for 76 Shares of HKD0.10 each, to be issued as fully paid at par, from Wise Fame; (ii) the increase of the authorised share capital to USD1,000,000.00 divided into 10,000,000,000 shares of a par value of USD0.0001 each (the **"Increase of the Authorised Share Capital"**); (iii) the allotment of 10,000 Shares of USD0.0001 each, issued as fully paid at par, to Wise Fame (the **"Allotment of US Shares"**), which was the funding for the Repurchase (as defined below); (iv) that the Company repurchased the 78 fully paid shares of a par value of HKD0.10 each (the **"HK Shares"**) in the share capital of the Company in issue immediately prior to the Increase of the Authorised Share Capital at a price of HKD0.10 per HK Share which was paid out of the proceeds of the Allotment of US Shares mentioned above (the **"Repurchase"**) and the HK Shares were cancelled; and (v) that upon completion of the Repurchase, all authorised but unissued shares of HKD0.10 each of the Company were diminished by the cancellation of all the 3,800,000 unissued shares of a par value of HKD0.10 each in the share capital of the Company.
- (c) On 13 March 2018, a written resolution was passed by the Company's shareholders, approving the Company's allotting and issuing of a total of 2,499,990,000 shares credited as fully paid at a par value of USD0.0001 each to Wise Fame. Upon completion, the total issued capital of the Company was USD250,000 divided into 2,500,000,000 shares of USD0.0001 each.

12. Trade and other payables

	30 June 2018 RMB'000	31 December 2017 RMB'000
Trade payables (a)		
— Related parties	12,691	18,468
— Third parties	231,351	220,532
	<u>244,042</u>	<u>239,000</u>
Other payables		
— Related parties	—	439
— Deposits	294,027	274,249
— Temporary receipts from properties owners	370,510	314,763
— Accruals and others	59,452	64,606
	<u>723,989</u>	<u>654,057</u>
Payroll payables	285,115	402,234
Other taxes payables	26,979	19,614
	<u>1,280,125</u>	<u>1,314,905</u>

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

	30 June 2018 RMB'000	31 December 2017 RMB'000
Up to 1 year	226,123	228,629
1 to 2 years	10,020	5,080
2 to 3 years	3,133	1,479
Over 3 years	4,766	3,812
	<u>244,042</u>	<u>239,000</u>

MANAGEMENT DISCUSSION AND ANALYSIS — BUSINESS REVIEW

Business Overview

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

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

Property Management Services

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

As at 30 June 2018, we had a large property management portfolio covering more than 260 cities across 29 provinces, municipalities and autonomous regions in China. For overseas markets, our business has expanded to Malaysia. Our total contracted Gross Floor Area (“GFA”) amounted to approximately 386.0 million sq.m.. We managed 536 properties and provided property management services to more than 1 million property owners with an aggregate revenue-bearing GFA of approximately 136.8 million sq.m..

Community Value-added Services

By focusing on the mature development cycle of communities, the family growth cycle of property owners and the property value cycle, we are committed to becoming an “integrated whole-cycle community life services operator” through the provision of comprehensive community value-added services to property owners. For the Period, the revenue generated from community value-added services accounted for 8.5% of the Group’s total revenue, representing an increase of 0.6% as compared to that for the same period of 2017. During the same period, the development speed of value-added services business was significantly faster than the increase in revenue from property management services. In the past three years, in light of the pursuit of asset appreciation and daily needs of property owners, we provided a wide range of community value-added services to property owners and residents of the Group’s managed properties, which mainly included: (1) home-living services, such as purchase assistance, housekeeping, greening, gardening, turn-key furnishing and move-in, group purchase and other bespoke services; (2) real estate brokerage services, including real estate agency services, real estate investment consultancy, property short-term lease, hosting services and property insurance; (3) common area value-added services, including venue operation and community media. We have initially built a well-established business category system and possessed the capability of sustainable development. The revenue structure of the Group’s community value-added services business has been constantly optimised with significantly improved balanced development and greatly enhanced capability of sustainable operation.

Value-added Services to Non-property Owners

We provide (i) consultancy services to property developers for the management of their pre-sale activities, as well as consultancy services for properties managed by other property management companies, and (ii) cleaning, greening, repair and maintenance services to property developers at the pre-delivery stage. For the Period, the revenue generated from value-added services to non-property owners accounted for 13.7% of the Group’s total revenue, representing an increase of 3.9% as compared to that for the same period of 2017, and the development speed of value-added services to non-property owners business was significantly faster than the revenue from property management services in the same period.

PROSPECTS AND FUTURE PLANS

Further expand the scale of property management business through various channels

We will continue to expand our business scale and constantly increase our market share by expanding the total contracted and revenue-bearing GFA and the number of properties under our management. We also expect to achieve a more diversified and multi-layered organic growth apart from our existing business relationship and coverage with CGH and its subsidiaries (collectively the “**CGH Group**”). We will continue to improve our operational capacity covering the whole country and make efforts to promote the reform of “Three Supplies and Property Management” in state-owned enterprises, and will continue to develop in this field in the future to fully exert our own advantages. By virtue of our brand value and service quality, we are able to obtain new engagements from independent property developers and business opportunities from the provision of pre-delivery services to non-property owners to achieve business expansion. We will selectively evaluate opportunities in areas around our existing business locations with a view to maximising economies of scale, as well as maintaining a reasonable balance between the geographic coverage and level of profitability for our property management services. To diversify our property management portfolio and revenue streams, we also plan to provide comprehensive property management services to an increasing number of non-residential properties such as commercial properties, industrial properties, industrial parks, science parks, educational institutions, highway service stations, featured towns, government and public facilities through strengthening strategic cooperation with various business partners.

When suitable opportunities arise, we may explore selective strategic investments in, merger with or acquisitions of other property management companies. We will focus on companies that are consistent with our brand image and market positioning, and we anticipate that our cooperation with them can increase the depth and breadth of our services and the portfolio of properties managed by us, so as to complement each other’s advantages.

Achieve optimal operational efficiency and customer satisfaction through service standardisation and differentiation under professional and lean management

To improve customer experience, we aim to standardise our business by centering on customer touchpoints and classifying our management services into different levels, based on factors including locations, total revenue-bearing GFA, property management fee level and profiles of property owners and residents. We also plan to improve operational efficiency and our brand image by designing differentiated service packages targeting the diverse needs of customers. We believe these professionalisation measures would help improve the efficiency and quality of our services systematically through incremental changes.

Develop personalised community services and enhance customer experience and our value-creation capability

We always give top priority to the needs of the property owners and residents. In the future, we will vigorously develop our value-added services business with a focus on customers' living conditions to comprehensively improve customer living experience and satisfaction, as well as to enhance our service innovation and value-creation capability in building a personalised community ecosystem. We seek to maintain and explore more cooperation opportunities with leading third-party merchants in the industry in order to provide selected products and services to our property owners and residents. We will continue to strengthen the integration of our butler-style services with our community value-added services to improve customer experience. Currently, we have conducted small-scale trials on the agency sale of the tail part of parking lots and properties to explore market opportunities. If the trials are successful and the market is optimistic, we will expand the scale of this business in the future. If the business scale is expanded so that a transaction constitutes a disclosable connected transaction, we will perform our disclosure obligations in accordance with the requirements under Chapter 14A of the Listing Rules. By leveraging our existing experience, we will further extend our offerings of value-added services to non-property owners to tailor to their needs better throughout the value chain of property development.

Enhance standardised and automated operations with smart management to maximise cost efficiency and enhance service standards

We aim to continue to provide high-quality services to our customers through standardised, automated and smart management and advanced information technology systems, which enable us to strengthen our operation efficiency and at the same time control our costs effectively.

We will further extend the coverage of our various automation and smart management measures to all of our managed residential communities. These measures include the upgrades of facilities such as face recognition systems for smart guest access, car park management systems and IRBA systems for the management of equipment. We also plan to upgrade our internal information technology systems for property management such as an ERP system for big data analysis and a CRM system for customer relationship management with more standardised modular management functions covering a full range of service contact points with customers to facilitate our day-to-day operations and to ensure a more focused quality control and direct internal management from our headquarters all the way to each of our managed properties. We will develop property management systems designed to enhance the gathering and consolidation of first-hand customer information and service record from our managed properties for us to analyse customer needs and behavioural patterns when formulating customer-oriented business mode and strategies.

FINANCIAL REVIEW

Revenue

The Group's revenue is mainly derived from three main business lines, namely (i) property management services, (ii) community value-added services and (iii) value-added services to non-property owners. For the six months ended 30 June 2018, the total revenue increased by approximately 42.5% to approximately RMB2,015.8 million from approximately RMB1,414.9 million for the six months ended 30 June 2017.

(1) Property management services

During the Period, the revenue from property management services increased by approximately 34.8% to approximately RMB1,563.7 million from approximately RMB1,160.2 million for the six months ended 30 June 2017, accounting for approximately 77.6% of the total revenue (corresponding period in 2017: approximately 82.0%).

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

	For the six months ended/As at 30 June 2018				For the six months ended/As at 30 June 2017			
	Revenue (RMB'000)	Revenue- bearing GFA (%)	Revenue- bearing GFA ('000 sq.m.)	(%)	Revenue (RMB'000)	Revenue- bearing GFA (%)	Revenue- bearing GFA ('000 sq.m.)	(%)
Properties developed by the CGH Group	1,419,239	90.8	121,940	89.1	1,084,423	93.5	98,957	92.2
Properties developed by independent third-party property developers	144,501	9.2	14,860	10.9	75,761	6.5	8,416	7.8
Total	1,563,740	100.0	136,800	100.0	1,160,184	100.0	107,373	100.0

The revenue-bearing GFA increased by approximately 29.4 million sq.m. from approximately 107.4 million sq.m. for the same period in 2017 to approximately 136.8 million sq.m.; among which, the revenue-bearing GFA from management of properties developed by independent third-party property developers increased by 76.6%, and its percentage of the total revenue-bearing GFA increased by 3.1 percentage points from 7.8% for the same period in 2017 to 10.9%.

(2) *Community value-added services*

During the Period, the revenue from community value-added services increased by approximately 52.9% to approximately RMB171.2 million from approximately RMB112.0 million for the six months ended 30 June 2017, accounting for approximately 8.5% of the total revenue (corresponding period in 2017: approximately 7.9%).

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

- (a) During the Period, the revenue from home living services increased by approximately 73.0% to approximately RMB96.7 million from approximately RMB55.9 million for the six months ended 30 June 2017.
- (b) During the Period, the revenue from real estate brokerage services increased by approximately 11.6% to approximately RMB49.9 million from approximately RMB44.7 million for the six months ended 30 June 2017.
- (c) During the Period, the revenue from common area value-added services increased by approximately 117.7% to approximately RMB24.6 million from approximately RMB11.3 million for the six months ended 30 June 2017.

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

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

During the Period, the revenue from value-added services to non-property owners increased by approximately 97.8% to approximately RMB275.6 million from approximately RMB139.3 million for the same period in 2017, accounting for approximately 13.7% of the total revenue (corresponding period in 2017: approximately 9.8%).

The increase in value-added services to non-property owners was mainly attributable to good sales performance achieved by the CGH Group in the first half of 2018 and the significant increase in the number of projects which involved consultancy services for the management of pre-sale activities provided by the Group.

Cost of Services

The Group's cost of services includes (i) staff cost, (ii) cleaning cost, (iii) maintenance cost, (iv) utilities, (v) greening and gardening cost, (vi) transportation cost, (vii) office and communication cost, (viii) taxes and surcharges, (ix) employee uniform cost, (x) depreciation and amortisation charges, (xi) community activities cost, (xii) travelling and entertainment cost and (xiii) others. During the Period, the cost of services was approximately RMB1,229.7 million, representing an increase of approximately 32.5% as compared with approximately RMB928.2 million for the six months ended 30 June 2017.

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

Gross Profit and Gross Profit Margin

During the Period, the overall gross profit increased by approximately RMB299.4 million to approximately RMB786.1 million from approximately RMB486.7 million for the six months ended 30 June 2017.

During the Period, the overall gross profit margin increased by 4.6 percentage points to approximately 39.0% from approximately 34.4% for the six months ended 30 June 2017, which was mainly due to the increase in the gross profit margins of the three main business lines.

(i) Property management services

During the Period, the gross profit margin of property management services increased by 3.9 percentage points to approximately 34.3% from approximately 30.4% for the six months ended 30 June 2017, which was mainly due to (i) the increase in project density of the Group, which helped to achieve intensive management and further lowered the marginal staff cost, and (ii) the effect of the community intelligentisation and measures adopted to reduce costs and increase efficiency, such as energy-saving renovation.

(ii) Community value-added services

During the Period, the gross profit margin of community value-added services increased by 7.3 percentage points to approximately 66.9% from approximately 59.6% for the six months ended 30 June 2017, which was mainly due to the fact that the Group further optimised its business structure and vigorously promoted the business with lower staff costs and higher gross profit margin.

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

During the Period, the gross profit margin of value-added services to non-property owners increased by 1.3 percentage points to approximately 47.6% from approximately 46.3% for the six months ended 30 June 2017, which was mainly due to the impact on revenue structure from the provision of value-added services to non-property owners in different cities by the Group during the Period.

Other Gains — Net

During the Period, other gains — net were approximately RMB19.2 million, representing an increase of approximately RMB18.9 million as compared with approximately RMB0.3 million for the six months ended 30 June 2017.

The increase was mainly due to the gain of RMB12.6 million from disposal of certain equity interests in two associated companies, namely Fenghuang Youxuan and Wangshenghuo, during the Period.

Other Income

During the Period, other income was approximately RMB5.1 million, representing a decrease of approximately 32.9% as compared with approximately RMB7.6 million for the six months ended 30 June 2017.

The decrease in other income was mainly due to the receipt of a one-off subsidy of RMB3 million for a share transformation from the government authority in Shunde District in 2017.

Selling and Marketing Expenses

During the Period, selling and marketing expenses were RMB8.8 million, representing an increase of approximately 109.5% as compared with approximately RMB4.2 million for the six months ended 30 June 2017.

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

General and Administrative Expenses

During the Period, general and administrative expenses were RMB293.6 million, representing an increase of approximately 45.1% as compared with approximately RMB202.3 million for the six months ended 30 June 2017.

The increase in general and administrative expenses were mainly due to (i) the retention of more supporting personnel responsible for headquarter functions and other central management services, as a result of the increase in the total revenue-bearing GFA of the Group as it expanded its business scale, and (ii) the listing expenses and share-based compensation expenses incurred during the Period in relation to the listing of the Group in Hong Kong of approximately RMB9.5 million and RMB3.7 million, respectively.

Finance Income

During the Period, finance income was approximately RMB12.9 million, representing an increase of approximately 72.0% as compared with approximately RMB7.5 million for the six months ended 30 June 2017.

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

Share Option Scheme

The “Pre-Listing Share Option Scheme” was approved by the shareholders’ meeting of the Company held on 13 March 2018. On 21 May 2018, 71,302,000 share options and 61,646,000 share options (132,948,000 shares options in total) were granted to certain directors, senior management and employees of CGH and the Group respectively at the exercise price of HK\$0.94 per share. The share-based compensation expenses charged to profit or loss for the six months ended 30 June 2018 were approximately RMB3.7 million.

Income Tax Expense

During the Period, income tax expense was approximately RMB36.2 million, representing a decrease of approximately 51.5% as compared with approximately RMB74.6 million for the six months ended 30 June 2017.

The decrease in income tax expense was mainly due to the fact that our PRC subsidiary CG Property Services received the certificate of “High and New Technology Enterprise” in May 2018 under which it is entitled to a preferential PRC income tax rate of 15% in each of the three years from 1 January 2017 to 31 December 2019. Therefore, the overprovision for income tax expense for the year ended 31 December 2017 of RMB58,309,000 was reversed during the six months ended 30 June 2018, and provision for income tax expense was made at the income tax rate of 15% during the Period.

Profit for the Period

During the Period, net profit of the Group was approximately RMB479.6 million, representing an increase of approximately 117.0% as compared with the net profit of approximately RMB221.0 million for the six months ended 30 June 2017.

During the Period, profit attributable to the owners of the Company increased from approximately RMB202.1 million for the six months ended 30 June 2017 to approximately RMB471.1 million, representing an increase of approximately 133.1%.

During the Period, profit attributable to the non-controlling interests of the Company decreased by approximately 54.5% from approximately RMB18.9 million for the six months ended 30 June 2017 to approximately RMB8.6 million.

Property, Plant and Equipment

Property, plant and equipment of the Group comprise transportation equipment, machinery equipment, electronic equipment, office equipment and other fixed assets. As at 30 June 2018, the property, plant and equipment of the Group was approximately RMB83.9 million, representing an increase of approximately RMB5.3 million from approximately RMB78.6 million as at 31 December 2017, mainly due to an increase in the purchase of transportation equipment, machinery equipment and electronic equipment for the purpose of meeting the requirements of the Group's business development during the Period, which was partly offset by the depreciation during the Period.

Trade and Other Receivables

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

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

As at 30 June 2018, the Group recorded total trade receivables of approximately RMB451.9 million, representing an increase of approximately RMB80.3 million as compared with approximately RMB371.6 million as at 31 December 2017, due to a significant increase in the total revenue of the Group during the Period.

Other receivables decreased from approximately RMB322.6 million as at 31 December 2017 to approximately RMB174.6 million as at 30 June 2018, mainly due to the settlement of receivables from related parties of RMB233.5 million.

Trade and Other Payables

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

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

As at 30 June 2018, trade payables of the Group were approximately RMB244.0 million, representing an increase of approximately RMB5.0 million as compared with approximately RMB239.0 million as at 31 December 2017, primarily due to an increase in the procurement costs driven up by the increase in the revenue of the Group during the Period.

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

Other payables increased from approximately RMB654.1 million as at 31 December 2017 to approximately RMB724.0 million as at 30 June 2018, primarily due to an increase in other income generated from common area value-added services payable to properties owners.

Contract Liabilities

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

The contract liabilities increased from approximately RMB556.9 million as at 31 December 2017 to approximately RMB702.3 million as at 30 June 2018, representing an increase of approximately RMB145.4 million, primarily due to an increase in the revenue-bearing GFA of the Group during the Period.

Liquidity, Financial and Capital Resources

As at 30 June 2018, total bank deposits and cash (including restricted bank deposits) of the Group were approximately RMB3,094.0 million, representing an increase of approximately RMB456.9 million as compared with approximately RMB2,637.1 million as at 31 December 2017. Out of the total bank deposits and cash of the Group, restricted bank deposits of approximately RMB2.8 million (31 December 2017: approximately RMB2.8 million) mainly represent the cash deposits in bank as performance security for property management services according to the requirements of local government authorities.

Our financial position remained sound. As at 30 June 2018, the net current assets of the Group was approximately RMB1,700.5 million (31 December 2017: approximately RMB1,435.0 million). The current ratio (current assets/current liabilities) of the Group was 1.8 times (31 December 2017: 1.7 times).

For the six months ended 30 June 2018, the Group did not have any loan or borrowing.

Foreign Exchange Risk

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

Employees and Remuneration Policies

As at 30 June 2018, the Group had approximately 25,343 employees (31 December 2017: approximately 23,961 employees). During the Period, the total staff costs were RMB1,070.7 million.

The remuneration package of the employees includes salary, bonus and other cash subsidies. Employees are rewarded on a performance related basis, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions within the general framework of the Group's salary and bonus system. The Group is subject to social insurance contribution plans or other pension schemes prescribed by the local governments and is required to pay on behalf of its employees, a monthly social insurance funds covering pension fund, medical insurance, work-related injury insurance, maternity insurance and unemployment insurance, and the housing provident fund, or to contribute regularly to other mandatory provident fund schemes on behalf of its employees. The Group has also adopted a share option scheme, details of which are disclosed in the paragraph headed "Pre-listing Share Option Scheme" in this announcement.

DIVIDEND DISTRIBUTION

After taking into consideration the business development needs of the Group and the return on investment of the shareholders, a dividend of RMB0.03756 per share totalling RMB93,900,000 was declared and paid to Wise Fame, the then shareholder of the Company, according to a shareholders' resolution of the Company dated 5 May 2018.

CHARGE ON ASSETS

As at 30 June 2018, the Group did not have any charges on its assets.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group did not have any material contingent liabilities.

INTERIM DIVIDEND

The Board resolved that no interim dividend shall be declared for the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

CORPORATE GOVERNANCE CODE

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

During the period from 19 June 2018 (the “**Listing Date**”) to 30 June 2018, the Company has complied with all applicable code provisions set out in the Corporate Governance Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors and employees (the “**Securities Dealing Code**”). The Company has made specific enquiry of all Directors whether the Directors have complied with the required standard as set out in the Model Code for the period from the Listing Date to 30 June 2018 and all Directors confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the said period.

DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2018, the interests and short positions of the Directors and chief executives of the Company in the shares (the “**Shares**”), underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”), which were required pursuant to Section 352 of the SFO to be entered in the register, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions in 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	As at 30 June 2018	Number of debentures held
						% of total Shares in issue	
Ms. Yang Huiyan	Interest of controlled corporations	1,416,985,624 ⁽¹⁾	—		1,416,985,624	56.68%	—
Ms. Wu Bijun	Beneficial owner	56,190 ⁽³⁾	12,964,000 ⁽²⁾		13,020,190	0.52%	—
Mr. Li Changjiang	Beneficial owner	—	12,964,000 ⁽²⁾		12,964,000	0.52%	—
Mr. Xiao Hua	Beneficial owner	37 ⁽³⁾	4,762,000 ⁽²⁾		4,762,037	0.19%	—
Mr. Guo Zhanjun	Beneficial owner	—	4,699,000 ⁽²⁾		4,699,000	0.19%	—

Notes:

- (1) As at 30 June 2018, Concrete Win Limited (“**Concrete Win**”), Genesis Capital Global Limited (“**Genesis Capital**”) and Golden Value Investments Limited (“**Golden Value**”) held 1,078,901,840 Shares, 326,436,781 Shares and 11,647,003 Shares respectively. Concrete Win, Genesis Capital and Golden Value are beneficially wholly-owned by Ms. Yang Huiyan. By virtue of the SFO, Ms. Yang Huiyan is deemed to be interested in the same number of Shares in which Concrete Win, Genesis Capital and Golden Value were interested.
- (2) The relevant interests are unlisted physically settled options granted pursuant to the Company’s Pre-listing Share Option Scheme. Upon exercise of the share options in accordance with the Pre-listing Share Option Scheme, the corresponding number of ordinary Shares of HK\$0.94 each will be issued. The share options are personal to the respective Directors.
- (3) These Shares represent the Shares of the Company distributed to the Directors by virtue of the shares of CGH held by them prior to the spin-off and separate listing of the Shares of the Company on the main board of the Stock Exchange.

Save as disclosed above, as at 30 June 2018, 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 30 June 2018, according to 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 long positions of 5% or more 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:

Interests and long positions in the Shares

Name of Shareholder	Capacity	Number of Shares held or interested	Approximate percentage of interest
Concrete Win	Beneficial owner	1,078,901,840	43.16%
Genesis Capital	Beneficial owner	326,436,781	13.06%
Mr. Chen Chong ⁽¹⁾	Interest of spouse	1,416,985,624	56.68%

Note:

- (1) By virtue of the SFO, Mr. Chen Chong is deemed to be interested in the Shares held by his spouse, Ms. Yang Huiyan, whose interests are disclosed in the above section headed “Directors’ and Chief Executives’ Interests and Short Position in Shares, Underlying Shares and Debentures of the Company”.

Save as disclosed above, as at 30 June 2018, the Company has not been notified of any other person (other than the Directors or chief executives of the Company) who was recorded in the register of the Company as having an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PRE-LISTING SHARE OPTION SCHEME

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

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

Category and name of grantees	Outstanding as at 1 January 2018	Granted during the Period	Exercised during the Period	Options to subscribe for Shares			Exercise price per Share (HKD)	Date of grant	Exercise period
				Cancelled during the Period	Lapsed during the Period	Outstanding as at 30 June 2018			
Directors									
Ms. Wu Bijun	—	12,964,000	—	—	—	12,964,000	0.940	21 May 2018	Vesting date ⁽¹⁾ – 20 May 2023
Mr. Li Changjiang	—	12,964,000	—	—	—	12,964,000	0.940	21 May 2018	Vesting date ⁽¹⁾ – 20 May 2023
Mr. Xiao Hua	—	4,762,000	—	—	—	4,762,000	0.940	21 May 2018	Vesting date ⁽¹⁾ – 20 May 2023
Mr. Guo Zhanjun	—	4,699,000	—	—	—	4,699,000	0.940	21 May 2018	Vesting date ⁽¹⁾ – 20 May 2023
Sub-total	—	35,389,000	—	—	—	35,389,000			
Other participants									
	—	97,559,000	—	—	—	97,559,000	0.940	21 May 2018	Vesting date ⁽¹⁾ – 20 May 2023
Sub-total	—	97,559,000	—	—	—	97,559,000			
Total	—	132,948,000	—	—	—	132,948,000			

Notes:

- (1) Subject to the satisfaction of certain vesting conditions, the vesting date shall be the date on which the auditors' report of the Company for the relevant financial year was issued. (a) For the purpose of the financial year in which the Shares of the Company were listed on the Listing Date, 40% of the total number of Shares granted pursuant to the share options will be vested to the relevant grantees; (b) for the financial year immediately following the Listing Date, 30% of the total number of Shares granted pursuant to the share options will be vested to the relevant grantees; and (c) for the second financial year following the Listing Date, 30% of the total number of Shares granted pursuant to the share options will be vested to the relevant grantees.
- (2) The closing price of the Shares of the Company immediately preceding the grant date of 21 May 2018 is not applicable as the Shares of the Company were listed on the Main Board of the Stock Exchange on 19 June 2018.
- (3) The share-based compensation expenses charged to profit or loss for the six months ended 30 June 2018 was approximately RMB3.7 million. The relevant accounting policy is depicted in Note 2.19 'Share-based Payments' of Appendix I to the Company's listing document dated 6 June 2018.

AUDIT COMMITTEE

The audit committee of the Company currently comprises three independent non-executive Directors, namely Mr. Rui Meng, Mr. Mei Wenjue and Mr. Chen Weiru, with Mr. Rui Meng as the chairman of the committee. The audit committee has reviewed the unaudited interim results for the Period. In addition, the independent auditors of the Company, PricewaterhouseCoopers, has reviewed the unaudited interim financial information for the Period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

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

During the period from the Listing Date to 30 June 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement has been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.bgyfw.com>). The Company's 2018 interim report will be despatched to the shareholders and published on websites of the Stock Exchange and the Company on or before 30 September 2018.

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

Foshan, Guangdong Province, the People's Republic of China, 22 August 2018

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