碧桂園服務控股有限公司
Country Garden Services Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6098

2019

ANNUAL REPORT

Content

CORPORATE OVERVIEW

Country Garden Services Holdings Company Limited (stock code: 6098.HK) is a leading service provider in comprehensive property management in China with residential property as its major focus. We have won industry-leading customer satisfaction rate with our quality services and service brands as well as gained high recognition in the industry.

The Group has the honor of ranking Top 3 in terms of overall evaluation and No. 1 in terms of operating performance among the Top 100 Property Management Companies in China of 2019, according to China Index Academy; No. 1 among Chinese Community Service Providers in 2019 according to YIHAN (億翰智庫) and was awarded "2019 Top 10 Listed Company of Property Management Service" by China Property Management Association. Founded in 1992, the Group experienced 28 years of steady development. It always adheres to the service concepts of "Cater for property owners' urgent needs; address property owners' concerns." and "Property owner-oriented". With strong business capability, it has formed a comprehensive and efficient property management service system. It is committed to offering property owners quality services through strong offline service system and consolidation of community business resources. Furthermore, it provided full life-cycle value services by focusing on preservation and appreciation of the value of owners' real estates.

Our main businesses include property management services, community value-added services, value-added services to non-property owners and "Three Supplies and Property Management" businesses (currently includes property management services and heat supply business), which form an integrated service offering to our customers and cover the entire value chain of property management. As at 31 December 2019, apart from the property management services of the "Three Supplies and Property Management" businesses, our contracted gross floor area ("**GFA**") was approximately 684.7 million sq.m., and our revenue-bearing GFA was approximately 276.1 million sq.m.. In addition, both of the contracted and revenue-bearing GFA of the property management services of "Three Supplies and Property Management" businesses were approximately 84.9 million sq.m. as at 31 December 2019. We managed 2,405 property projects covering more than 350 cities across 31 provinces, municipalities and autonomous regions in China and overseas markets, providing quality property management services to more than 3.46 million property owners.

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. We have been optimizing our property management portfolio and enriching our forms of management. Currently, our property management portfolio covers residential properties, commercial properties, office buildings, multi-purpose complexes, government, hospitals and other public facilities, industrial parks, highway service stations, parks, scenic areas and schools. In addition, we have expanded into the operation and maintenance of urban public facilities, intelligent industrial park operation services, thus extended our community life services to city integrated services.

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", providing comprehensive community value-added services to property owners. In light of the daily needs of property owners, we proactively promoted this business segment in the old and new communities, and provided a wide range of community value-added services to property owners and residents of the properties under our management, which mainly included: (1) housekeeping services; (2) turn-key furnishing and move-in services; (3) community media services; (4) value-added innovations services; (5) real estate brokerage services; and (6) community area services.

Value-added services to non-property owners — The value-added services to non-property owners provided by us mainly include (1) consultancy services to property developers for their pre-sale properties management, as well as consultancy services for properties managed by other property management companies, (2) cleaning, greening, repair and maintenance services to property developers at the pre-delivery stage, and (3) sales and leasing agency services of unsold parking spaces and properties.

"Three Supplies and Property Management" businesses — In 2018, we have set up a joint venture company and started to enter the separation and transfer of property management and heat supply on "Three Supplies and Property Management" Reform. We promoted the smooth transition and takeover of property management and heat-supply businesses projects under the "Three Supplies and Property Management" Reform in an orderly manner. We will give full play to our successful experience in this benchmarking project and continue to further develop the "Three Supplies and Property Management" field, thus creating one of our future growth drivers.

On 19 June 2018, the Company was listed on the Stock Exchange, indicating its formal entrance into the international capital market. Since then, the Company was well recognized in the market. It was included as a constituent of MSCI China Index and Hang Seng Composite LargeCap & MidCap Index, on 31 August 2018 and 10 September 2018, respectively, and became one of the investable stocks in the Mainland-Hong Kong Stock Connect. In addition, the Company received a rating of A in the MSCI ESG ratings assessment in November 2019.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Li Changjiang *(President)*
Mr. Xiao Hua
Mr. Guo Zhanjun

Non-executive Directors

Ms. Yang Huiyan *(Chairman)*
Mr. Yang Zhicheng
Ms. Wu Bijun

Independent Non-executive Directors

Mr. Mei Wenjue
Mr. Rui Meng
Mr. Chen Weiru

AUDIT COMMITTEE

Mr. Rui Meng *(Chairman)*
Mr. Mei Wenjue
Mr. Chen Weiru

REMUNERATION COMMITTEE

Mr. Chen Weiru *(Chairman)*
Ms. Yang Huiyan
Mr. Mei Wenjue

NOMINATION COMMITTEE

Ms. Yang Huiyan *(Chairman)*
Mr. Rui Meng
Mr. Chen Weiru

JOINT COMPANY SECRETARIES

Mr. Huang Peng
Mr. Leung Chong Shun *(Solicitor in Hong Kong)*

AUTHORISED REPRESENTATIVES

Mr. Li Changjiang
Mr. Huang Peng

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

4th Floor, Ruttonjee House
Ruttonjee Centre
11 Duddell Street
Central
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

West Building of Country Garden Office
Beijiao Town
Shunde District, Foshan
Guangdong Province, PRC

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building, Central, Hong Kong

COMPLIANCE ADVISOR

Somerley Capital Limited
20/F, China Building, 29 Queen's Road Central, Hong Kong

LEGAL ADVISERS

As to Hong Kong laws:
Woo Kwan Lee & Lo
26/F, Jardine House. 1 Connaught Place. Central, Hong Kong

As to PRC laws:
DeHeng Law Offices (Shenzhen)
11/F, Section B, Anlian Plaza No. 4018 Jintian Road,
Futian District Shenzhen, PRC

PRINCIPAL BANKERS (In Alphabetical Order)

Agricultural Bank of China Limited
Bank of China Limited
China Construction Bank Corporation
China Merchants Bank Co., Ltd.
Industrial and Commercial Bank of China Limited

COMPANY WEBSITE

www.bgyfw.com

STOCK CODE

6098

LISTING DATE

19 June 2018

MAJOR EVENTS

MAY

In May 2019, after obtaining approval from relevant authorities, the company name of Guangdong Country Garden Property Services Co., Ltd., a subsidiary of CG Services, was changed to Country Garden Intelligent Services Group Co. Ltd.*.

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COUNTRY GARDEN SERVICES HOLIDNGS 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 ON
CHANGE OF NAME OF SUBSIDIARY

The board of directors of Country Garden Services Holdings Company Limited (the "**Company**") is pleased to announce that the company name of Guangdong Country Garden Property Services Co., Ltd. (廣東碧桂園物業服務股份有限公司), a wholly-owned subsidiary of the Company, has been changed to Country Garden Intelligent Services Group Co., Ltd. (碧桂園智慧物業服務集團股份有限公司). The relevant industrial and commercial registration of the change has been completed. The Company believes that the change of company name will be conducive to further accentuate the vision of becoming an "international leading technology-based integrated services group" and highlight the development model of "Service + Science & Technology", reflecting the company's transformational achievements in realising the standardisation, automatisation, intelligentisation of property services and continuous upgrading of information systems.

By order of the Board
Country Garden Services Holdings Company Limited
YANG Huiyan
Chairman

Hong Kong, 13 May 2019

As of the date of this announcement, the executive directors are Mr. LI Changjiang, 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.

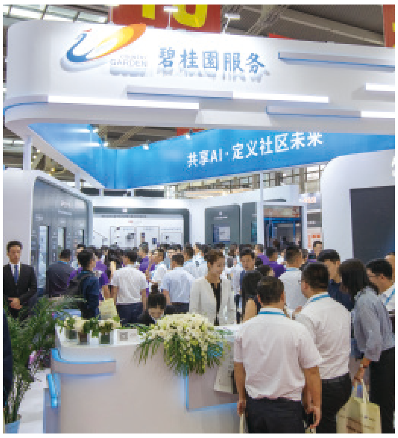
AUGUST

JULY

In July 2019, United Gain and CG Life Services (both wholly-owned subsidiaries of CG Services), entered into equity transfer agreements with certain third parties to acquire 100% equity interest in Asia Asset Real Estate Services (China) Co., Ltd. The acquisition will further expand the scale and coverage of the Group's business and enhance the Group's influence and competitiveness in the market. The acquisition was completed on 9 September, 2019.

In August 2019, Vipshop (China) Holdings Limited issued a notice of award to CG Life Services. According to the notice, CG Life Services was awarded after a bidding process 11 projects in relation to logistics park property outsourcing services for Section One, North China, Central China and Southwest Logistics Parks. This marked the first time for CG Services to work hand in hand with the upstart e-commerce giant in undertaking projects in relation to large-scale logistics parks. Vipshop's Central China Logistics Park is the largest of its kind in Central China, with a site area of 1 million square meters and a storage area of 0.665 million square meters. Seven tenants, three of which are listed companies, are currently using the park, which has around 3,500 staff to maintain its ordinary operation.

In October 2019, CG Services joined hands with six renowned technology companies, including Tencent, Hikvision, China Unicom, Celnet Technology and ACIGA to take part in 2019 China International Property Management Industry Expo. With "AI for All — Defining the Future of Our Community" (共用AI，定義社區未來) as its theme, their pavilion showcased "AI Full-stack Solutions" (AI全棧解決方案) and relevant implementation results in a B2B and comprehensive manner, confirming the company's leading position in its use of technology in the industry and enhancing its B2B influence.



OCTOBER

DECEMBER

In December 2019, the 3rd China Real Estate New Era Grand Ceremony 2019 was held in Beijing, in which the List of Intelligent Residential Communities for the Year 2019 was unveiled. On the list are CG Services' three benchmarking projects of intelligent communities, namely Shunde Country Garden • Panpu Bay • Chuntianli Community (順德碧桂園 • 泮浦灣 • 春天里苑區), Liuzhou Country Garden • Ten Miles Riverside (柳州碧桂園 • 十里江灣) and Zhengzhou Country Garden • Jade Bay (鄭州碧桂園 • 翡翠灣), are named on the list and all of which are described as "Star-graded Models of Intelligent Residential Communities". This shows that CG Services' intelligent solutions and relevant implementation results have been acknowledged by the industry.

AWARDS AND HONOURS

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1. In May 2019, CG Services was honoured as one of the "2019 TOP 100 Property Management Companies in China (2019中國物業服務百強企業)", "Top 10 of 2019 China TOP 100 Property Management Companies in terms of business size (2019中國物業服務百強企業服務規模TOP10)", "Top 10 of 2019 China TOP 100 Property Management Companies in terms of business performance (2019中國物業服務百強企業經營績效TOP10)", "2019 China TOP 100 Leading Property Management Companies in terms of service quality (2019中國物業服務百強服務質量領先企業)" and "2019 China TOP 100 Leading Property Management Companies in terms of customer satisfaction (2019中國物業服務百強滿意度領先企業)" by China Index Academy.

2. In May 2019, CG Services was honoured as one of the "Top 50 Chinese Listed Companies by Brand Value (2019中國上市公司品牌價值榜新鋭榜TOP50)" by China Property Management Institute, Shanghai E-house China R&D Institute and China Real Estate Appraisal Centre.

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3. In June 2019, CG Services was honoured as one of the “2019 Top 50 Most Valuable Brands of Property Management Services (2019物業服務企業品牌價值50強)” by China Property Management Institute, E-house China R&D Institute and the China Real Estate Appraisal, and as a “2019 China’s Blue Chip Real Estate Company (2019年藍籌物業企業)” by The Economic Observer.

4. In August 2019, CG Services was honoured as the “2019 China Top 1 Community Service Provider (2019年中國社區服務商TOP1)”, as well as one of the “2019 China Top 10 Community Service Providers in terms of community culture construction (2019中國社區服務商社區文化建設十強)”, “2019 China Top 10 Community Service Providers in terms of operational capabilities (2019中國社區服務商運營能力十強)” and “2019 China Top 10 (Listed) Community Service Providers (2019中國社區服務商 (上市) 十強)” by EH Consulting (億瀚智庫).

CHAIRMAN'S STATEMENT

> "To create a better society with our existence
> — Yeung Kwok Keung"

Dear Shareholders,

The board (the "Board") of directors (the "Directors") is pleased to report that the Group recorded revenue of approximately RMB9,644.9 million for the year ended 31 December 2019, representing an increase of 106.3% as compared to that of 2018, and gross profit of approximately RMB3,052.2 million, representing an increase of 73.3% as compared to that of 2018. The net profit for the year was approximately RMB1,718.4 million, representing an increase of 83.9% as compared to that of 2018. The profit attributable to the owners of the Company increased from approximately RMB923.2 million for the same period in 2018 to approximately RMB1,670.7 million, representing an increase of approximately 81.0%. The basic earnings per share were RMB62.73 cents, representing an increase of approximately 69.9%. The Board recommended the payment of a final dividend for 2019 of RMB15.14 cents per share (2018: RMB8.49 cents).

On the occasion of the presentation of our annual results, on behalf of the Group, please allow me to pay tribute to all CGS staff who have been battling the coronavirus epidemic on the front lines up to this very moment. In this battle against the epidemic, it's them who have, with the selflessness, reliability and professionalism as befit a property professional, built a bulwark in the last kilometre — i.e. the communities, thus warding off the disease and preserving the life and health of millions of property owners. It's them who have spared no managerial effort to "seal off" the communities, implementing strict control over the entry and exit of people and vehicles, full-on and frequent disinfection of public areas, the collection and disposal of used medical masks at fixed locations, as well as the allocation and assistance in purchasing of hygiene products and daily necessities — none of which is an easy task. It's them who have, courageously, taken up the social responsibility for fighting the disease, committing themselves to maintaining the community environment healthy where one can feel safe and clean, and to safeguarding every family. They have made property owners truly realise what our service principle of "addressing property owners' concerns and catering for property owners' urgent needs" mean, and truly realise the strength and value of the property management industry as a whole.

As the pace of urbanization is quickening, with a blue ocean market worth a trillion dollar awaiting to be explored, the property management industry has entered a phase where development is rapid and new values are being discovered. As the property management industry is becoming more standardised and professional, with the adoption of vertical integration and smart management, the value of property management is shaping up and making its presence felt among property owners, who are being provided with basic property management services of better quality, more diversified community value-added services, as well as more comfortable and time-saving experience of smart living. The application and fusion of smart technologies have also helped traditional property management services to adopt the modern model of intensive management.

During the year, many of our industry peers managed to secure new capital, as the capital market saw property management companies go public in droves. At the beginning of 2020, when many industries were being hit temporarily by the epidemic, the share prices of property management companies surged. With its asset-light nature, high visibility of growth as well as high resistance to cyclicality and risk, and thanks to the supportive government policies, the industry is held in high esteem by the capital market. The development of the industry is, no doubt, being propelled by new capital. More and more enterprises have taken full advantage of the capital market to open up diversified financing channels, synchronize technological and human resources strategies, promote leapfrogging development and lay a solid foundation for a trillion-dollar market.

As industry consolidation continues to increase, the property management industry is witnessing a watershed moment, when the competitive edge of brand enterprises is becoming more salient. Premium service quality and leading service brands will win the recognition of property owners and earn a higher satisfaction rate. As a result, better trust with property owners will be fostered. As the collection and pricing of property management fees are based on trust, better trust will mean a better chance for the development of subsequent community value-added services. Meanwhile, the upgrading of traditional communities to smart communities has reached a crucial moment. Traditional service models are transforming into smart ones in order to provide property owners with safer and more convenient services.

The market is also looking for more from the leading companies in the property management industry. These industry leaders will employ smart technologies such as big data, artificial intelligence and robots to create values. They will help the government to improve services at grassroots level in communities and in society, proactively taking up social responsibilities. They will further improve the quality of their services through standardisation, professionalisation and the enhancement of security management, thereby bolstering the reputation of their brands and instilling in property owners, as consumers, the ideas of "quality should be in line with price" and "a higher price means better quality" or deepening their belief in them.

We always seek to provide services of premium quality and expand our diversified community value-added services. We have been working hard in the property management industry for 28 years, and we always seek to provide services of premium quality using our solid business capability and refined management, so that property owners can enjoy the comfort offered by property management services. With property owners' demand for a better life in mind, we listen to what property owners really want, cater for their everyday needs, enrich and expand the scope and content of our services and promote their standardisation. With the upgrading of our business model and the deepening of our platform operation, the ecological layout of our community value-added services is also gradually expanding. We have penetrated into market segments and forged more diversified, whole-cycle industrial chains of community value-added services, including housekeeping services, community advertising media services, turnkey furnishing services, community group purchase and venue operation, etc. We have also incorporated technology and big data into our value-added services, creating the "Phoenix Club" APP flow platform and building 360-degree portraits of users. We have consolidated quality resources, both on-line and off-line, so that the products and services provided by our platform will match accurately property owners' consumption demands, thereby releasing more profit potential.

We continue to improve our market expansion ability and achieve efficient and quality growth in size. With the change in property owners' conceptions of consumption and the aid provided by the capital market, we have, on the basis of strong organic growth, relied on quality services and the innovative service model of technology empowerment to gradually build up a mechanism for market expansion. We tendered for more projects and entered into more strategic co-operation agreements, supplementing them with reasonable and quality acquisitions. Our work in market expansion bore fruit, as we managed to win projects including China Southern Airlines' base at Beijing Daxing International Airport and the Liaoning Expressway service area, expanding our community life services into urban integrated services. Meanwhile, through acquiring several quality property management companies with brand influence, we have consolidated our partners' quality resources to establish more diversified forms of services and a more balanced geographical layout, providing ample room for fast and stable development in the future. We have been working hard in the urban services sector and exploring the new blue ocean of the "Three Supplies and Property Management" Reform, expecting a harvest in the future.

We enhance the application of technology in smart communities, and we also promote the implementation of technology and the development of technology-empowered industry. Under the backdrop of artificial intelligence, cloud computing, big data, IoT and other technologies, the traditional property industry has already entered into the era of smart technology, which induces a series of reforms within the industry. Increasingly more property management enterprises are trying to introduce smart and technological transformation, and several smart community projects which served as examples are emerging in the industry as well. These changes facilitate enterprises in reducing costs, increasing efficiency and enhancing service quality as well as improve the experience of property owners. We are committed to create a better and more secure community life with quality for property owners through technology, thus we have successively launched the first "AI+IoT-based" AI integrated solution system in the industry, cleaning robots and smart speakers; launched the community epidemic-prevention smart solution using digital empowered devices; and entered into strategic cooperation with high-tech companies such as Tencent, Alibaba Cloud, Baidu, Hikvision and Bright Dream Robotics (博智林機器人) to form advantageous alliance partnerships. We have become one of the property enterprises with the highest density of new technology in the property management sector's layout, and we are able to empower small and medium-sized enterprises as well.

We uphold the corporate values of "being good to people and good to society", and we implement social responsibilities with practical actions. We actively respond to the country's targeted poverty alleviation policies, and we have launched "power of community" campaigns on the fight against consumption poverty by taking the lead to participate in poverty alleviation with the help from community. We linked up with over a million property owners and connected the "last mile" service by leveraging the channel resources in urban communities, through which we enable the high-quality agricultural products in poverty areas to be directly transported from their origins to the dining tables of property owners in urban communities. The call to action of "Bring a catty home (帶一斤回家)" directly helps farmers from poverty areas to open up sales channels, increase income and alleviate poverty. Moreover, we actively make donations to society and fulfill our social responsibilities. During the outbreak of novel coronavirus, we took the initiative to donate protective supplies, and have fully supported the anti-epidemic work by providing anti-epidemic support to frontline property management service workers in Wuhan City. We proactively respond to the spirit of the meeting of the State Council, create more employment and development opportunities for migrant workers and local job seekers and also actively fulfil tax obligations, thus contribute to the harmony and stability of society.

We are committed to "talent-oriented" principle, creating an all-round staff training system, and promoting shared growth among enterprise and employees. We highly value outstanding talents, and we provide a comprehensive recruitment, promotion, training and development system for all employees. We efficiently and systematically attract talents by establishing various recruitment channels, combining job features and requirements as well as selecting diversified recruitment channels. We have different training programs designed for respective employees at all levels, and we set up a "property management capability development plan" targeted on company's key group of people for the purpose of reserving key talents for company's development. Upholding the concept of "virtue-oriented, equipped with morals and intellect; eclectic and able" for talents, we strive to provide a harmonious, fair and just working environment that provide satisfaction and rewards to employees, encourage employees to cooperate while providing them with opportunities to learn, grow and succeed in both work and life, thus achieving shared growth among employees and the company.

Based on the development model of "Service + Science and Technology" and "Service + Ecology", we focus on the business portfolio strategy of "Big Property Management" and "Big Community Services" to strengthen our four core capabilities, namely, service capabilities, technological capabilities, channel capabilities and investment capabilities, and to further promote the implementation of the strategies.

We deepen our service capabilities and technological capabilities based on the business strategy of "Big Property Management".

We deepen our professional service capabilities. By combining years of service experience in our diversified business models and the accumulation of our basic services, we have created capabilities for professional facilities and equipment management. We have carried out our professional operation, improved our basic service standard system and strived to inject AI technology and machine tools into basic property management services, from which we created a smart management platform, and promoted the mechanization, intelligence and intensification of services, and have become leader of service enterprise in the industry.

We deepen the application of our technological capabilities. We have conducted full-scale in-depth business integration with new technologies, allowing technologies to be implemented in various service scenarios: create primary AI capabilities and platform, and jointly deploy 5G application with operators; arrange community service robot matrix; build AI-based service portal for community households, thereby constructing full-ecological and full-scenario AI community service. At the same time, we have exported smart community implementation solutions to the industry, empowered small and medium-sized enterprises, and shared AI with peers.

We focus on the business strategy of "Big Community Services" to strengthen our channel capabilities and investment capabilities.

We deepen our channel capabilities. We have established a membership system, linked up various value-added businesses, empowered members several living rights, increased the stickiness of property owners, and promoted a win-win situation for the better lifestyle of property owners and business development.

We deepen our investment capabilities. By self-construction and mergers and acquisitions, we will improve the value-added business portfolio and ecological layout of enterprises, we have rapidly strengthened the professional capabilities of our business, and also commenced marketization of potential business.

On behalf of the Board, I would like to express our appreciation to all our staff and the management team for their unwavering contribution to the Company. I would also like to extend my sincere appreciations to all our shareholders and stakeholders for their trust and support. 2020 is destined to be a milestone year, our country will endeavor to build a comprehensive well-off society and achieve its first century goal. We will also keep pace with the times, work relentlessly, empower service quality with our technological power, and let more people experience the beauty of life with our quality services.

CHAIRMAN'S STATEMENT

We wish to create a better society with our existence.

We are determined to shape a prosperous future through our conscience and social responsibility awareness.

Yang Huiyan
Chairman of the Board

Hong Kong, 18 March 2020

Financial Summary

Consolidated Results

	2015 RMB'000	2016 RMB'000	2017 RMB'000	2018 RMB'000	**2019 RMB'000**
Revenue	1,672,464	2,358,449	3,121,852	4,675,287	**9,644,947**
Profit before income tax	294,913	486,332	608,197	1,069,387	**2,076,112**
Income tax expense	(74,460)	(133,804)	(167,734)	(135,177)	**(357,721)**
Profit for the year	220,453	352,528	440,463	934,210	**1,718,391**
Profit attributable to:					
Owners of the Company	220,453	324,181	401,743	923,154	**1,670,664**
Non-controlling interests	—	28,347	38,720	11,056	**47,727**
	220,453	352,528	440,463	934,210	**1,718,391**
Earnings per share for profit attributable to owners of the Company (expressed in RMB cents per share)					
Basic			16.07	36.93	**62.73**
Diluted			16.07	36.53	**61.67**

Consolidated Financial Position

	2015 RMB'000	2016 RMB'000	2017 RMB'000	2018 RMB'000	**2019 RMB'000**
Non-current assets	47,310	70,084	121,569	851,088	**2,044,918**
Current assets	1,386,855	2,397,878	3,355,551	4,670,806	**10,224,404**
Current liabilities	856,855	1,384,619	1,920,558	3,127,144	**6,427,299**
Net current assets	530,000	1,013,259	1,434,993	1,543,662	**3,797,105**
Total assets less current liabilities	577,310	1,083,343	1,556,562	2,394,750	**5,842,023**
Non-current liabilities	—	—	14,456	65,044	**162,497**
Equity attributable to owners of the Company	577,310	1,019,430	1,421,173	2,260,787	**5,373,156**
Non-controlling interests		63,913	120,933	68,919	**306,370**
Total equity	577,310	1,083,343	1,542,106	2,329,706	**5,679,526**

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Business Overview

The Group is a leading service provider in comprehensive property management in China with residential property as its major focus. Due to our excellent service quality and service brands, we have earned high customer satisfaction rate as well as high recognition in the industry. During the year, we were rated top 3 in terms of overall evaluation and No. 1 in terms of operating performance among the Top 100 Property Management Companies in China, according to China Index Academy and No. 1 among Chinese Community Service Providers in 2019 according to YIHAN (億翰智庫) and ranked top 10 in "2019 Listed Property Management Service Enterprise" according to China Property Management Association.

The Group covers four major business sectors: (i) property management services, (ii) community value-added services, (iii) value-added services to non-property owners, and (iv) the "Three Supplies and Property Management" businesses, which constitute part of our comprehensive services we provide to customers that covers 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, repair and maintenance, and other services. Currently, we still focus on residential communities. Yet, with the steady growth of third-party projects, our property management portfolio has become diversified by extending community living services to an integrated portfolio of city services that serve non-residential properties, including commercial properties, office buildings, multi-purpose complexes, government buildings, hospitals and other public facilities, industrial parks, highway service stations, parks, scenic areas and schools.

As of 31 December 2019, a breakdown of geographical coverage for managed properties based on i) contracted GFA, and ii) revenue-bearing GFA respectively is listed as follows:

Contracted GFA

(million sq.m.)

<1	Jilin, Tibet Autonomous Region
1–5	Beijing, Inner Mongolia Autonomous Region, Xinjiang Uygur Autonomous Region, Heilongjiang, Qinghai, Shanxi, Ningxia Hui Autonomous Region, Malaysia
5–10	Chongqing, Shanghai, Gansu, Hainan
≥10	Guangdong, Jiangsu, Anhui, Hubei, Hunan, Shandong, Henan, Guizhou, Guangxi Zhuang Autonomous Region, Zhejiang, Sichuan, Hebei, Jiangxi, Liaoning, Fujian, Shaanxi, Yunnan, Tianjin

Revenue-bearing GFA

(million sq.m.)

<1	Heilongjiang, Shanxi, Jilin, Ningxia Hui Autonomous Region, Qinghai, Tibet Autonomous Region, Xinjiang Uygur Autonomous Region
1–5	Jiangxi, Guizhou, Hebei, Henan, Beijing, Hainan, Chongqing, Gansu, Inner Mongolia Autonomous Region, Shaanxi, Yunnan, Malaysia
5–10	Liaoning, Zhejiang, Shandong, Tianjin, Shanghai, Guangxi Zhuang Autonomous Region, Fujian, Sichuan
≥10	Guangdong, Jiangsu, Anhui, Hubei, Hunan

We own a large-scale property management portfolio. As at 31 December 2019, apart from the property services of the "Three Supplies and Property Management" businesses, our contracted GFA recorded approximately 684.7 million sq.m., while our revenue-bearing GFA was approximately 276.1 million sq.m.. In addition, both of the revenue-bearing and contracted GFA of the property services of "Three Supplies and Property Management" businesses were 84.9 million sq.m. as at 31 December 2019. Our projects cover more than 350 cities in 31 provinces, municipalities and autonomous regions across China and overseas markets, with a focus on four key economically developed city clusters, including the Greater Bay Area, the Yangtze River Delta, the middle reaches of the Yangtze River and Beijing-Tianjin-Hebei areas in China. We manage a total of 2,405 properties and provide property management services to approximately 3.46 million local and overseas property owners and commercial tenants. During the year, our collection rate continued to remain high and reached 95.2%.

Community Value-added Services

In community value-added service sector, we are committed to becoming an "integrated whole cycle community life services operator" by focusing on mature development cycle of communities, the family growth cycle of property owners and the property value cycle to provide comprehensive community value-added services to property owners. In the past few years, the Group has vigorously promoted the community value-added services. We started from providing the basic living needs for the property owners with butler services, and smoothly achieved a merging of sales and marketing and channel developments, which enables us to link up external business resources with the property owners' needs. As such, we are able to provide a wide range of community value-added services, that specifically include: 1) housekeeping services; 2) turnkey furnishing and move-in services; 3) community media services; 4) value-added innovations services; 5) real estate brokerage services; 6) community area services.

During the year, the revenue generated from community value-added services was approximately RMB865.2 million, representing an increase of 107.4% compared to the corresponding period last year; which accounted for 9.0% of the Company's total revenue, representing an increase of 0.1 percentage point compared to the corresponding period last year.

During the year, we intensively explored into the markets of community housekeeping services and community media services, whereby, we experimented with pilot programmes to discover the preferred service contents and feasible income sources. Also, we initiated scale-up operations in our established communities. Both community housekeeping services and community media services recorded outstanding performance, with the revenue of RMB274.6 million and RMB93.8 million respectively, representing an increase of 207.8% and 218.0% as compared to that of the same period of 2018 respectively. We promote the traffic flow business within the community value-added services. Along with the fact that the business model and profit model have become more evident and defined, the four major branded business segments have gradually taken shape: "Phoenix Home-furnishing", specific branded services for one-stop turnkey home furnishing services; "Phoenix Home Services", for safe, convenient, professional and attentive housekeeping services; community media services, a portal that reaches for the full-range of media matrix that helps promote close-tie link-up between consumers and various branded products; real estate brokerage services, a portal that serves as the property owners' exclusive property consultant to help boost and preserve the owners' asset value.

The "Phoenix Club" App is an online portal we developed specially for the promotion of community value-added products and services. Besides, this App helps improve the accessibility of our services, as well as to enhance customers' satisfaction rate and loyalty. During the year, we actively promoted the use of the "Phoenix Club" App among the property owners. As at 31 December 2019, the number of registered users has exceeded 4.28 million, and monthly active users exceeded 1.59 million. Due to our serious effort to integrate premium resources drawn from both online and offline channels, our platform products and services can precisely accommodate the consumption needs of property owners.

Value-added Services for Non-property Owners

During the year, the revenue from our value-added services for non-property owners was approximately RMB1,422.1 million, representing an increase of 79.8%, as compared with the corresponding period in 2018 and accounting for 14.7% of the total revenue of the Company. The value-added services we provide to non-property owners mainly include (i) consultancy services to property developers for their pre-sale activities, as well as consultancy services for properties managed by other property management companies, and (ii) cleaning services, green landscaping, repair and maintenance services to property developers at the pre-delivery stage, and (iii) sales and leasing agency services of unsold parking spaces and properties.

The "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. During the year, we have completed the smooth and transitional takeover of the "Three Supplies and Property Management" reform on the property management and heat supply businesses. We signed the commission agreements for 955 projects in 53 cities of 11 provinces across the country, and drafted and formulated service standards and service unit prices for project-based undertakings, among which, the recognised revenue-bearing GFA of the property management projects that we took over was approximately 84.9 million sq.m., and the revenue generated amounted to RMB525.2 million. The recognised revenue-bearing GFA of heat supply projects that we took over was approximately 40.8 million sq.m., and the revenue generated was approximately RMB990.2 million.

We follow a three-year plan, where we set "to solidify the fundamentals in the first year; to establish the smooth development in the second year, and to consolidate the progress in the third year" as our objective. We will continue to put our effort to promote the long-term collaboration between the parties and are committed to strengthening quality control and improving service standards; we will continue to promote technology empowerment and construct smart community platforms; continue to explore the potential market growth for community value-added services, as well as to build the business resource platforms; we will optimise our existing manpower structure and system, and undertake project-based talent training sessions.

Fighting Novel Coronavirus (COVID-19) Pneumonia

Since the epidemic outbreak of COVID-19, property service companies, being the basic unit of grid-type governance, have taken the initiative to assume social responsibilities, and have fought together with all sectors in the forefront of the epidemic. Its role has transformed from a living service provider to a guardian of customers and employees as well as a stabilizer of social operations. "The frontline treatment is in hospitals, and the frontline protection is in property management services" — property management companies have formed a government-enterprise linkage mechanism with local governments to implement work deployments and have undertaken epidemic prevention work that the residents' committees assigned due to insufficient staff, including: personnel inspection, vehicle recording, providing access statistics to communities, temperature measurements of residents,

providing advice on wearing masks, isolation and quarantine of suspected cases, publicity on epidemic prevention and control in communities, frequent sanitization and disinfection in public areas, distribution of masks to property owners, and purchasing and delivering supplies (such as vegetables) for property owners under quarantine which provides strong protection for residents' livelihood and epidemic prevention and control.

On the other hand, the epidemic has a certain impact on the daily operations of property companies in the short term, but in the long term, it will be an opportunity for the Company and the industry. This is mainly reflected in that: 1) the property management service industry will be respected by society and the government, and its exposure and sense of presence will be significantly improved than before; 2) high-quality property management services can provide property owners with an intuitive experience, therefore enhance owners' trust on property management companies and demand for quality properties, which has a positive impact on the collection rate of subsequent property management fees; 3) it will facilitate the building of good service reputation and brand. The reputation and brand building of property management services usually take time, and such outbreak may help high-quality property management companies build a good service reputation and brand image faster. Property owners will be inclined to choose leading companies with reputation, ability and good services. The integration of small and medium-sized property management companies will also be strengthened, which may accelerate the improvement of industry consolidation; 4) the impact on the future development of the industry will be reflected in the further deployments of technology to replace labor. Leading companies with high-technology can empower other small and medium-sized companies and output complete set of solutions. In terms of new business, new value-added service models and businesses will be developed; 5) governments at all levels have successively introduced supportive policies applicable to property management companies to alleviate the short-term adverse effects arising from the epidemic.

PROSPECTS AND FUTURE PLANS

Maintain high-quality scale expansion, while intensively develop the community value-added services to benefit from potential market growth

The large-scale effect has been the key to facilitate our sustainable growth in business. Due to our extensive geographical coverage, and project operation scale, which is higher than industry average, we are able to reduce our operating costs and reap the maximum values from platform operations. In the future, we will continue to leverage project-based resource advantages brought by the steady development of affiliated companies, undertake premium projects and speed up expansion. Meanwhile, we plan to continue to enhance marketing expansion capabilities and to promote low-cost brand development, which includes seeking new businesses from (among others) small-and-medium-sized property developers, governments, industrial parks and schools, and that we will contribute to the "Three Supplies and Property Management" Reform of state-owned enterprises, and expand GFA from third-party developers. We will closely follow government policies, explore market opportunities and cautiously proceed with high-quality mergers and acquisitions, so as to achieve efficient and quality scale expansion.

We will persist to build up our capabilities in channels and investment to provide a comprehensive portfolio of community value-added services, so as to explore the potential market growth for community value-added services. We intend to achieve full-coverage of community media hub at low-tier cities through integrating and merging online and offline channel resources at community level and formulation of a community-based scenario that allows an integrated marketing and communication portal. We will continue to build up precise and prudent investment capabilities. To this end, we will establish professional team and set up investment funds that cater for facility management, asset management and greater community living services sectors, among others. Such development will further refine our corporate business portfolio and ecological framework, as well as to allow for a full-launch of offline channels that facilitates a close matching between the needs of property owners and services provided by commercial operators, which in turn has enabled an optimal allocation of resources among diverse needs. In addition, the high population density conjured up by large-scale projects has helped generate more value-added service needs and this becomes a natural competitive edge for us to develop community value-added services. Due to the enormous loyalty and recognition we earned from property owners through our provision of excellent services for longstanding years, we have laid a solid ground for developing our community value-added services. We will leverage the core coverage advantages of population, assets, and channels to reap benefits from the potential growth in the business of community value-added services.

"Urban Co-existence Programme" shows positive results; apply "Amazing Plus (美好+)" operation model in expressway service area

In 2018, we launched the city service product system "Urban Co-existence Programme" of CG Services, while in 2019, we officially entered Kaiyuan City in Liaoning Province. We provided integrated smart services to the aforesaid city, and have made impressive progresses in various aspects, including urban environmental improvement, and public disaster contingency support services. All along, we have steadily developed and implemented value-added service models. In the future, we will serve as a pioneer in providing brand new public services oriented to theme of city-governance. By taking gradual steps in applying city-based digitalised operation and maintenance platform, the Company will provide a wide spectrum of municipal public services that covers infrastructure, parks and scenic spots, cultural and sports centers, transportation hubs, hospitals, schools, commercial office buildings, residential communities, among others, with all such facilities in multi-faceted sectors all operated under an integrated city-based on big property management model.

Moreover, we innovatively initiate the strategic blueprint, themed "Amazing Plus" as our services provision catered for expressway areas. Our Company aims to create a "professional expressway service brand in China", that will enable commuters to have the privilege to attentive service system, as well as to effectively utilise the assets' values within the expressway service areas. In the future, we will base on expressway as a hub, applying the smart operation model, "Urban Co-existence Programme" to expressway service areas. Our business operation will stretch from commercial operation services to monetizing data analysis of commuters in transit. We also intend to initiate AI smart maintenance on facilities and environment, that will allow us to promote the betterment for cities along the same line of traffic. We will also contribute to the high-quality environmental development for cities by making them the best suitable for living, business, tourism and healthcare.

Promote the applications of smart community and lead the trend in "AI plus Community" development in the industry

Applying digitalization and smart technology has become the key to enhance efficiency as well as to reduce costs in property management services industry. More importantly, with the help of technology enhancement, we are able to standardize our service by the automation of AI technology. By doing so, we will save labour and time cost so that our staff will have more opportunities to contact property owners directly to deliver attentive services and more user-friendly and personalised premium services.

We launched the first "AI + IoT based" artificial intelligence integrated solution product system in the industry, including all products in the CLOUD, EDGE, END structures, providing a complete solution for smart communities, to achieve an integrated solution of cloud-based data and decision-making with community scenarios via edge servers. Such solution has the four advantages of "all-scenario, all-intelligence; full-integration, and full-chain" operation, that facilitates an overall smart city development. During the fight to contain COVID-19, we innovatively initiated community barriers that include infrared thermographs to achieve highly efficient access control, drone disinfection and ultraviolet germicidal lamps to achieve a wider coverage of three-dimensional sanitation and termination impact. This testifies the empowerment of science and technology to promote community epidemic prevention and control. In the future, we will continue to develop smart applications, as well as to share and integrate digitalised and smart solutions and products in the industry. We will base on technological capacities offered by AI, cloud computing, big data, and IoT, to intensify penetrative strategic collaborative efforts with Tencent and Alibaba Cloud, Baidu, Hikvision, Bright Dream Robotics (博智林機器人) and other competitive affiliated partners. Ultimately, we aim to facilitate the implementation of "AI plus Community" initiative, that will not only benefit small and medium-sized property enterprises, but also improve the service effectiveness and efficiency in property management, and, therefore, more property owners will be offered with a more attentive and premium service system.

Center on "Big Property Management"; expand service mode both vertically and horizontally to enhance service quality

We are in the grand era of property management, there is huge space for the expansion of property management companies both in the horizontal and vertical dimensions within the context of "Big Property Management. We have completed the equity cooperation with Liyang Zhongli Elevators and Escalators (溧陽中立電梯), a professional elevator company, to further promote the elevator management and standardised services to our managed communities. Based on the business ethic of safety first, we are poised to develop a deeper market penetration with our professional services. In the future, on the basis of providing security, cleaning, green landscaping, maintenance and repair, and butler services, we will vertically explore more professional services, including professional maintenance services for elevators, pest control, and professional security services.

We will continue to make full use of our advantages in terms of population, assets, channels in virtue of the large scale of our property management portfolio to develop more extensive and diversified value-added services; providing high-tech and digital facilities and equipments management services on the basis of the integrated property services through intensive management and technology empowerment; realizing the full coverage of asset facilities operation and asset value management through the upgrading of professional capabilities. At the same time, we will further promote the horizontal extension of service types to extend the services to the ends of living and assets. In the space of "Big Property Management", we will open up more room for development by means of cooperation, merger and acquisition, self-development to drive the Group to fulfill the corporate vision of becoming an international leading technology-based integrated services group.

Material acquisitions

The Company currently has a large area of reserved GFA and is well positioned to have access to acquire GFA. Since the listing, the Company has been closely focusing on the merger and acquisition opportunities in the market and prudently assessing the matching degree of each project with the existing businesses of the Company and their potential profitability. During the Year, we completed several material equity acquisitions (details are set out in note 32 to the consolidated financial statements). These acquisitions will enable CG Services to further expand the scale and the scope of its business, deepen the synergy with the existing projects and achieve the complementary effect among regions and industries.

FINANCIAL REVIEW

Revenue

The Group's revenue is mainly derived from (i) property management services, (ii) community value-added services, (iii) value-added services to non-property owners, (iv) Three Supplies and Property Management businesses. For the year ended 31 December 2019, the total revenue increased by approximately 106.3% to approximately RMB9,644.9 million from approximately RMB4,675.3 million for the year ended 31 December 2018.

(1) Property management services

During the Year, the revenue from property management services increased by approximately 68.8% to approximately RMB5,817.0 million from approximately RMB3,445.5 million for the year ended 31 December 2018, accounting for approximately 60.3% of the total revenue (for the corresponding period in 2018: approximately 73.7%).

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 periods indicated:

	For the year ended/ As at 31 December 2019				For the year ended/ As at 31 December 2018			
	Revenue		**Revenue-bearing GFA**		Revenue		Revenue-bearing GFA	
	(RMB'000)	**(%)**	**('000 sq.m.)**	**(%)**	(RMB'000)	(%)	('000 sq.m.)	(%)
Properties developed by the CGH Group	**4,349,499**	**74.8**	**203,924**	**73.9**	3,054,342	88.6	145,475	80.1
Properties developed by independent third-party property developers	**1,467,462**	**25.2**	**72,176**	**26.1**	391,147	11.4	36,033	19.9
Total	**5,816,961**	**100.0**	**276,100**	**100.0**	3,445,489	100.0	181,508	100.0

The revenue-bearing GFA increased by approximately 94.6 million sq.m. from approximately 181.5 million sq.m. for the same period in 2018 to approximately 276.1 million sq.m.; among which, the revenue-bearing GFA from management of properties developed by independent third-party property developers increased by approximately 100.3%, and its percentage of the total revenue-bearing increased by 6.2 percentage points from 19.9% for the same periods in 2018 to 26.1%. This was mainly due to the significant effect of market expansion, diversification of property management services which focuses on residential communities, discovery of new profit growth points, addition of non-residential property management service areas such as hospital and industry parks, commercial buildings and schools, and the continuing promotion of scale development of enterprises to provide professional integrated city operation services.

(2) Community value-added services

During the Year, the revenue from community value-added services increased by approximately 107.4% to approximately RMB865.2 million from approximately RMB417.2 million for the year ended 31 December 2018, accounting for approximately 9.0% of the total revenue (for the corresponding period in 2018: approximately 8.9%).

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

(a) During the Year, the revenue from housekeeping services increased by approximately 207.8% to approximately RMB274.6 million from approximately RMB89.2 million for the year ended 31 December 2018.

(b) During the Year, the revenue from turn-key furnishing and move-in services increased by approximately 70.4% to approximately RMB97.8 million from approximately RMB57.4 million for the year ended 31 December 2018.

(c) During the Year, the revenue from community media services increased by approximately 218.0% to approximately RMB93.8 million from approximately RMB29.5 million for the year ended 31 December 2018.

(d) During the Year, the revenue from value-added innovations services increased by approximately 92.8% to approximately RMB144.8 million from approximately RMB75.1 million for the year ended 31 December 2018.

(e) During the Year, the revenue from real estate brokerage services increased by approximately 30.3% to approximately RMB138.1 million from approximately RMB106.0 million for the year ended 31 December 2018.

(f) During the Year, the revenue from community area services increased by approximately 93.5% to approximately RMB116.1 million from approximately RMB60.0 million for the year ended 31 December 2018.

As discussed above, we provided property owners with a full range of community value-added services. With the continuous expansion of the management area and the number of customers covered by our property management service business, and by building a community value-added service system with high reach, good experience and strong trust through service innovation, precision marketing, increased penetration, external cooperation, brand creation and other methods, the Group further provided property owners with rich, affordable and convenient livelihood services and also brought rapid growth to the community value-added services.

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

During the Year, the revenue from value-added services to non-property owners increased by approximately 79.8% to approximately RMB1,422.1 million from approximately RMB791.1 million for the same period in 2018, accounting for approximately 14.7% of the total revenue (for the corresponding period in 2018: approximately 16.9%).

The increase in value-added services to non-property owners was mainly due to the fact that: (i) the Group's consultancy services for pre-sale business management saw a decline in service income of individual cases, but the significant increase in the number of projects brought about revenue growth; (ii) pre-delivery cleaning and other services achieved growth; (iii) since the second half of 2018, the Group has been commissioned by CGH Group to collect agency fees for the sales and leasing agency services of unsold parking spaces and properties. Revenue for this period had higher growth when compared to the same period of last year, increased to approximately RMB195.2 million from approximately RMB66.7 million for the same period of 2018.

(4) Three Supplies and Property Management Businesses

During the Year, the Group has successfully taken over the "Three Supplies and Property Management" businesses. The revenue from "Three Supplies and Property Management" businesses currently include of the revenue arising from property management services and heat supply services.

Among which, the revenue from property management services was approximately RMB525.2 million, the revenue-bearing GFA of the property management services was 84.9 million sq.m. as of 31 December 2019; the revenue from heat supply services was approximately RMB990.2 million, the revenue-bearing GFA of the heat supply services was 40.8 million sq.m. as of 31 December 2019.

Cost of Services

The Group's cost of services includes (i) staff cost, (ii) cleaning cost, (iii) heat supply cost, (iv) maintenance cost, (v) utilities, (vi) greening and gardening cost, (vii) transportation cost, (viii) office and communication cost, (ix) taxes and surcharges, (x) security expenses, (xi) depreciation and amortisation charges, (xii) community activities cost, (xiii) travelling and entertainment cost, (xiv) others. During the Year, the cost of services was approximately RMB6,592.7 million, representing an increase of approximately 126.3% as compared to approximately RMB2,913.7 million for the year ended 31 December 2018.

Such increase was mainly reflected in the increase in labour cost and various costs as a result of continuous expansion of the revenue-bearing GFA of the Group.

Gross Profit and Gross Profit Margin

During the Year, the overall gross profit increased by approximately RMB1,290.6 million to approximately RMB3,052.2 million from approximately RMB1,761.6 million for the year ended 31 December 2018, representing an increase of approximately 73.3%.

During the Year, the overall gross profit margin decreased by 6.1 percentage points to approximately 31.6% from approximately 37.7% for the year ended 31 December 2018, and the overall gross profit margin decreased was mainly due to that the gross profit margin of new projects and the "Three Supplies and Property Management" businesses was lower than the average gross profit margin of the Group.

(i) Property management services

During the Year, the gross profit margin of property management services decreased by 1.7 percentage points to approximately 30.2% from approximately 31.9% for the year ended 31 December 2018.

The decrease in the gross profit margin of property management services was mainly due to the Group's acquisition of various property management companies in the second half of the year and the active increase of external market expansion projects. The above mentioned new projects lowered the gross profit margin of property management services to a certain extent.

(ii) Community value-added services

During the Year, the gross profit margin of community value-added services increased by 0.1 percentage points to approximately 66.2% from approximately 66.1% for the year ended 31 December 2018.

The gross profit margin of community value-added services was relatively stably, business structure optimization, the community value-added service system was further improved.

(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 7.1 percentage points to approximately 41.0% from approximately 48.1% for the year ended 31 December 2018.

The decrease in the gross profit margin of value-added services to non-property owners was mainly due to (i) the provision of consultancy services for pre-sale business management saw a decline in service income of individual cases; (ii) the business of pre-delivery cleaning and other services with low gross profit margin further increased, resulting in a decrease in gross profit margin.

(iv) Three Supplies and Property Management Business

During the Year, for the "Three Supplies and Property Management" business, the gross profit margin of its property management services was approximately 13.4%, and the gross profit margin of heat supply services was approximately 6.0%.

Among which, the gross profit margin of the property management services was lower than the average level in the Group, which was mainly due to the fact that service targets of Three Supplies and Property Management were mostly state-owned enterprise communities that established early, and the unit price of property charges were low; in addition, the proportion of maintenance costs for old facilities of property in Three Supplies and Property Management is higher than that of the Group; the gross profit margin of the heat supply services was slightly lower than the average level in the industry, which was mainly because subject to the background as state-owned enterprises, the heat supply service level was higher than the market level which resulted in higher costs.

Selling and Marketing Expenses

During the Year, selling and marketing expenses were approximately RMB66.8 million, representing an increase of approximately 151.1% as compared with approximately RMB26.6 million for the year ended 31 December 2018.

The increase in selling and marketing expenses was mainly due to the expansion of staff costs and professional consultancy fees incurred by the Group during its search for better business targets and continuing mergers and acquisitions to expand third-party properties, resulting in an increase of selling and marketing expenses compared to the same period in 2018.

General and Administrative Expenses

During the Year, general and administrative expenses were approximately RMB1,207.6 million, representing an increase of approximately 59.0% as compared with approximately RMB759.7 million for the year ended 31 December 2018.

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. In 2019, the Group's organizational structure went through adjustments with the merging of certain segments, its management was streamlined by implementing "one post with multi-functions" policy, resulting in improvement in per capita efficiency. Of which, the share-based compensation expenses was approximately RMB14.4 million.

Other Income

During the Year, other income was approximately RMB51.1 million, representing an increase of approximately 135.5% as compared with approximately RMB21.7 million for the year ended 31 December 2018.

The increase in other income was mainly due to (i) increase in employment, tax refund and other relevant government subsidies compared to the same period of last year as the Group expanded its business; (ii) increase in other income of approximately RMB12.0 million for the Year arising from the taxation benefit of 10% on deductible input tax enjoyed by the Group as a taxpayer in the industries of living services from 1 April 2019 to 31 December 2021 with the implementation of the policies on substantial reduction of value added tax in mainland China.

Other Gains — Net

During the Year, other gains — net were approximately RMB178.1 million, representing an increase of approximately RMB149.6 million as compared with approximately RMB28.5 million for the year ended 31 December 2018.

The increase was mainly due to investment return from financial assets at fair value through profit and loss of approximately RMB115.1 million.

Finance Income — Net

During the Year, the finance income — net was approximately RMB91.9 million, representing an increase of approximately 70.8% compared with approximately RMB53.8 million for the year ended 31 December 2018.

On the one hand, the increase of the finance income — net was mainly 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; on the other hand, exchange gains was generated on bank deposits that dominated in Hong Kong dollar that received by the Group from the issue of shares at the beginning of this year as a result of depreciation of RMB.

Income Tax Expense

During the Year, income tax expense was approximately RMB357.7 million, representing an increase of approximately 164.6% compared to approximately RMB135.2 million for the year ended 31 December 2018.

The increase was mainly due to (i) the overprovision for income tax expense of approximately RMB58.3 million for the year ended 31 December 2017 of our major subsidiary, CG Life Services, was reversed in 2018, while there was no such impact during the Year; (ii) the increase of the Group's profit before income tax as a result of income tax expense increased.

Profit for the Year

During the Year, the net profit of the Group was approximately RMB1,718.4 million, representing an increase of approximately 83.9% compared to approximately RMB934.2 million for the year ended 31 December 2018.

During the Year, the profit attributable to the owners of the Company increased from approximately RMB923.2 million for year ended 31 December 2018 to approximately RMB1,670.7 million, representing an increase of approximately 81.0%.

During the Year, the profit attributable to the non-controlling interests of the Company increased by approximately 329.7% from approximately RMB11.1 million for the year ended 31 December 2018 to approximately RMB47.7 million.

Property, Plant and Equipment

Property, plant and equipment of the Group comprise transportation equipment, machinery equipment, electronic equipment, building, office equipment and leasehold improvements.

As at 31 December 2019, the property, plant and equipment of the Group was approximately RMB311.9 million, representing an increase of approximately RMB193.1 million from approximately RMB118.8 million as at 31 December 2018, mainly due to (i) an increase in tangible assets injected by non-controlling shareholders as capital; (ii) an increase in the purchase of transportation equipment, machinery equipment, electronic equipment etc. for the purpose of meeting the requirements of the Group's business development during the Year, which was partly offset by the depreciation during the Year.

Intangible Assets

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

As at 31 December 2019, the intangible assets of the Group were approximately RMB1,603.9 million, representing an increase of approximately RMB917.6 million compared to approximately RMB686.3 million as at 31 December 2018, which was mainly due to several equity acquisitions completed by the Group during the Year, resulting in goodwill of approximately RMB712.0 million and property management contracts and customer relationships of approximately RMB222.7 million. Besides, the amortization of property contracts and customer relationships arising from the acquisitions during the Year was approximately RMB41.0 million.

Trade and Other Receivables

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

As at 31 December 2019, the Group recorded net trade receivables of approximately RMB1,574.0 million, representing an increase of approximately RMB1,006.5 million compared to approximately RMB567.5 million as at 31 December 2018, mainly due to the significant increase in the total revenue of the Group.

The net other receivable increased by 92.8% from approximately RMB190.5 million as at 31 December 2018 to approximately RMB367.2 million as at 31 December 2019, mainly due to the increase in security deposits, utilities, garbage and other fees collected and paid for property owners when compared with 2018.

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include wealth management products and investments in closed-end funds. On 31 December 2019, the balance of financial assets at fair value through profit or loss of the Group amounted to approximately RMB1,280.7 million. All the applicable percentages for such transactions calculated under the Listing Rules are less than 5%, therefore, related transactions do not constitute disclosable transactions.

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 RMB1,000.2 million as at 31 December 2018 to approximately RMB1,618.1 million as at 31 December 2019, representing an increase of approximately RMB617.9 million, which was mainly due to an increase in prepayment for property services as a result of an increase in the revenue-bearing GFA.

Trade and Other Payables

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

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

As at 31 December 2019, trade payables of the Group were approximately RMB1,480.2 million, representing an increase of approximately RMB1,129.5 million compared to approximately RMB350.7 million as at 31 December 2018, 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 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) outstanding considerations payable for business combinations; (iv) accruals and others (mainly in relation to withholding funds for utilities and advance).

Other payables increased from approximately RMB1,072.0 million as at 31 December 2018 to approximately RMB2,012.8 million as at 31 December 2019, primarily due to the impact of an increase in outstanding considerations payable for business combinations, deposits from property owners for interior decorations and the income generated from community area services that belongs to properties owners.

Liquidity, Financial and Capital Resources

As at 31 December 2019, total bank deposits and cash (including restricted bank deposits) of the Group were approximately RMB6,926.0 million, representing an increase of approximately RMB3,051.7 million as compared with approximately RMB3,874.3 million as at 31 December 2018. Out of the total bank deposits and cash of the Group, restricted bank deposits of approximately RMB11.9 million (as at 31 December 2018: approximately RMB5.4 million) mainly represented the cash deposits in bank as performance security for property management services according to the requirements of the local government authorities.

As at 31 December 2019, the net current assets of the Group were approximately RMB3,797.1 million (31 December 2018: approximately RMB1,543.7 million). The current ratio (current assets/current liabilities) of the Group was 1.6 times (31 December 2018: 1.5 times).

For the year ended 31 December 2019, the Group did not have any loan or borrowing.

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 of the Group industries.

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 principally focuses on its business 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. During the Year, the Directors expected that fluctuations of the RMB exchange rate would not materially and adversely affect the operations of the Group. The management will continue to monitor the foreign exchange exposure, and take prudent measures to reduce foreign exchange risks.

Employees and Remuneration Policies

As at 31 December 2019, the Group had 54,085 employees (31 December 2018: 33,609 employees). During the Year, the total staff costs were approximately RMB4,041.6 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 approved and/or adopted certain share option scheme, details of which are disclosed in the paragraph headed "Pre-listing Share Option Scheme" of this report.

Employee Training and Development

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

During the Year, the Company held various kinds of trainings, the number of participants reached approximately 280,000 person-time and a total of tens of thousands of training hours, of which 16 trainings were for developing talents. This has effectively enhanced the management level of all senior management and the service ability of our frontline staff and further optimized our talent structure to make our talent team more accordant with the business development of the Company.

Dividends

The final dividend in respect of 2018 of RMB8.49 cents (equivalent to HKD9.66 cents) per share, totalling RMB226,309,000, has been approved at the Annual General Meeting on 20 May 2019 and paid in cash in July 2019.

The Board of Directors recommended the payment of a 2019 final dividend of RMB15.14 cents per share, totalling RMB417,670,000, which has taken into account the expected exercise of share options as of the record date for the eligible shareholders. Such dividend is to be approved by the shareholders at the forthcoming Annual General Meeting. These financial statements do not reflect this dividend payable.

Charge on Assets

As at 31 December 2019, the Group did not have any charges on its assets.

Contingent Liabilities

As at 31 December 2019, the Group did not have any material contingent liabilities.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Directors

Ms. Yang Huiyan (楊惠妍), aged 38, was appointed as a Non-executive Director and the chairman of the Board on 9 March 2018 and is responsible for the formulation and provision of guidance and development strategies for the overall development of the Group. Ms. Yang is also the chairman of the nomination committee and a member of the remuneration committee of the Company. Ms. Yang is a controlling shareholder of the Company indirectly holding the shares of the Company through Concrete Win and Fortune Warrior (both of which are beneficially wholly-owned by Ms. Yang with Ms. Yang as a director).

Ms. Yang joined CGH in March 2005 as a general manager of the procurement department, where she was responsible for overall procurement decision making until November 2006. Ms. Yang was appointed as an executive director of CGH in December 2006 and a vice chairman of CGH in March 2012 and was re-designated from a vice chairman to a co-chairman of CGH in December 2018. She is mainly responsible for assisting Mr. Yeung Kwok Keung, the chairman of CGH, in the day-to-day work of the CGH Group, and responsible for the CGH Group's strategic investments and new business exploration based on the existing business, such as new retail business. Ms. Yang is also a member of the corporate governance committee, the executive committee and the finance committee of CGH and a director of various members of the CGH Group.

Ms. Yang was appointed as a director of the board and the chairman of Bright Scholar Education Holdings Limited (the shares of which are listed on The New York Stock Exchange (stock code: BEDU)) since December 2016.

Ms. Yang graduated from Ohio State University in the United States in March 2005, where she obtained a bachelor degree in business administration and she also obtained an EMBA degree from Tsinghua University in 2019.

Ms. Yang was awarded "China Charity Award Special Contribution Award" in 2008 and "China Poverty Alleviation Award Contribution Award" in 2019.

Ms. Yang is a cousin of Mr. Yang Zhicheng, a Non-executive Director.

Mr. Yang Zhicheng (楊志成), aged 46, was appointed as a Non-executive Director on 9 March 2018 and is responsible for the provision of guidance for the overall development of the Group.

From 1992 to 1997, Mr. Yang served as a project manager at Shunde Sanhe Property Development Company Limited* (順德市三和物業發展有限公司), the predecessor of Shunbi Property, where he was responsible for property project management and public relations. Since 1997, Mr. Yang has served as a project general manager at the CGH Group, where he was responsible for the overall management of several property development projects. He has been an executive director, the president of Jiangzhong region and the vice president of CGH since December 2006, January 2010 and November 2017 respectively, and is mainly responsible for the overall development and management of certain property development projects of the CGH Group.

Mr. Yang graduated from Cheung Kong Graduate School of Business (長江商學院) in September 2013, where he obtained a degree of executive master in business administration.

Mr. Yang is a cousin of Ms. Yang Huiyan, a controlling shareholder, non-executive Director and the chairman of the Board.

Ms. Wu Bijun (伍碧君), aged 46, was appointed as a Non-executive Director on 9 March 2018 and is responsible for the provision of guidance for the overall development of the Group.

Ms. Wu worked at Hubei Branch of China Construction Bank Corporation* (中國建設銀行股份有限公司湖北省分行) from 1996 to 1998. Ms. Wu was the chief auditor of Foshan Zhixin Certified Public Accountants Co., Limited* (佛山市智信會計師事務所有限公司) from 1999 to 2002. From 2002 to 2005, she worked at Foshan Shunde

Finance and Taxation Bureau* (佛山市順德區財稅局). Ms. Wu joined the CGH Group in November 2005 and had served as the general manager of the finance department until May 2013 and the assistant of the president from September 2011 to April 2014. She has been serving as the general manager of the finance centre, vice president and chief financial officer of CGH since May 2013, April 2014 and April 2017 respectively. Ms. Wu is mainly responsible for the financial management of the CGH Group.

Ms. Wu graduated from Zhongnan University of Economics and Law (中南財經政法大學) (formerly known as Zhongnan University of Finance and Economics (中南財經大學)) in the PRC in July 1995, where she obtained a bachelor degree of economics. She also obtained a degree of executive master of business administration from China Europe International Business School (中歐國際工商學院) in October 2015. Ms. Wu became a PRC Certified Public Accountant (中國註冊會計師) certified by The Certified Public Accountant Examination Committee of The Ministry of Finance (財政部註冊會計師考試委員會) in July 1998 and a PRC Certified Tax Agent (中國註冊稅務師) certified by the Personnel Department of Guangdong Province (廣東省人事廳) in October 1999.

Mr. Li Changjiang (李長江), aged 54, was appointed as an Executive Director on 9 March 2018 and has been the president of CG Life Services since he joined the Group in December 2011. Mr. Li is primarily responsible for the overall strategic decisions, business planning and major operational decision making of the Group.

Prior to joining the Group, from March 1997 to September 2006, Mr. Li has served various positions including administrative director at Guangzhou Everbright Garden Property Management Company Limited* (廣州市光大花園物業管理有限公司) from March 1997 to May 1999, property manager at Shenzhen Expander Property Management Company Limited* (深圳市城建物業管理有限公司) from May 1999 to April 2002 and property manager and assistant general manager at Shenzhen Gemdale Property Management Company Limited* (深圳市金地物業管理有限公司) from April 2002 to September 2006, where he was responsible for various tasks, including administrative management, customer services management, marketing and property management. From September 2006 to December 2011, Mr. Li was a regional director within the group of A-Living Services Co., Ltd. (雅居樂雅生活服務股份有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 3319) where he was mainly responsible for the overall operation and management of property management in the Southern China region.

Mr. Li graduated from Southwest Agricultural University (西南農業大學) in the PRC in July 1989.

Mr. Xiao Hua (肖華), aged 42, was appointed as an Executive Director on 9 March 2018 and has been the vice president of CG Life Services since February 2013. Mr. Xiao is primarily responsible for the overall management of value-added services to non-property owners.

From April 2004 to April 2009, Mr. Xiao worked at the Group as an assistant manager, a deputy manager and a manager at Chencun branch office in Guangdong, where he was mainly responsible for the security management and providing assistance to day-to-day operation of the branch office and a deputy manager, a manager and a senior manager at Huabi branch office in Guangdong, where he was mainly responsible for the day-to-day operation and management of the branch office. From April 2009 to December 2009, Mr. Xiao was promoted to regional director at Changsha branch office and in January 2010, to regional director of Zengcheng branch office, where he was primarily responsible for the overall operation, management and brand development of property management services until February 2013.

Mr. Guo Zhanjun (郭戰軍), aged 40, was appointed as an Executive Director on 9 March 2018 and has been the vice president of CG Life Services since he joined the Group in August 2017. Mr. Guo is primarily responsible for overall management of human resources of the Group.

Prior to joining the Group, from July 2002 to September 2010, Mr. Guo served various positions including human resource supervisor at Zhengzhou Yutong Bus Company Limited* (鄭州宇通客車股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600066), manager, senior manager and head of the human resources department at GD Midea Air-Conditioning Equipment Co., Ltd* (廣東美的製冷設備有限公司) and human resources director at AUX Group Co., Ltd.* (奧克斯集團有限公司), a company mainly engaged in the manufacturing and sales of electrical equipment and home appliances. From August 2011 to March 2013, Mr. Guo was the head of the human resources department in the concrete business unit of Zoomlion Heavy Industry Science and Technology Co., Ltd. (中聯重科股份有限公司) (formerly known as Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd. (長沙中聯重工科技發展股份有限公司)), a company listed on the Shenzhen Stock Exchange (stock code: 000157) and the Main Board of the Stock Exchange (stock code: 1157). Mr. Guo joined the CGH Group as a deputy general manager of the training and development department in July 2013 and was promoted to human resources director of Jiangzhong region in April 2014 and general manager of the recruiting department in January 2016, where he was mainly responsible for human resources planning and management. From June 2016 to February 2017, he left the CGH Group and joined the Beijing branch office of Thaihot Group Co., Ltd.* (泰禾集團股份有限公司北京分公司), a company listed on the Shenzhen Stock Exchange (stock code: 000732), as a deputy general manager of the human resources department and a human resources director of the Beijing region. Mr. Guo returned to the CGH Group as the assistant general manager of the human resources management centre in February 2017 and was responsible for human resources planning and management until June 2017.

Mr. Guo graduated from Renmin University of China (中國人民大學) in the PRC in July 2002, where he obtained a bachelor degree in environmental economic and resource management.

Mr. Mei Wenjue (梅文珏), aged 50, was appointed as an Independent Non-executive Director on 25 May 2018 and is responsible for providing independent advice to the Board. Mr. Mei is also a member of the audit committee and the remuneration committee of the Company.

Mr. Mei has served as chief executive officer and director at Guangzhou Ruizhi Car Rental Company Limited* (廣州瑞致租車有限公司) (a company primarily engaged in car rental business) since November 2014 and May 2016 respectively, where he was responsible for the overall business operations and management. From 1994 to September 2008, Mr. Mei worked at China Southern Airlines Company Limited (中國南方航空股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600029), the New York Stock Exchange (stock code: ZNH) and the Main Board of the Stock Exchange (stock code: 1055). From September 2008 to October 2014, he served as the chief representative at the Shenzhen Office of China Europe International Business School (中歐國際工商學院). From March 2015 to January 2018, he served as a director of the board at Sichuan Huapu Modern Agriculture Company Limited* (四川華樸現代農業股份有限公司), a company listed on the National Equities Exchange and Quotations (stock code: 837890). Mr. Mei also served as an independent non-executive director of the board at Miko International Holdings Limited (米格國際控股有限公司) from December 2013 to March 2016, a company listed on the Main Board of the Stock Exchange (stock code: 1247) and at CGH from May 2013 to March 2018.

Mr. Mei graduated from Sun Yat-Sen University (中山大學) in the PRC, where he obtained a bachelor degree of English language and literature in June 1994 and a master degree of administrative management in June 2001. He also received a master degree in business administration from the School of Management of Cranfield University in the United Kingdom in June 2006.

Mr. Rui Meng (芮萌), aged 52, was appointed as an Independent Non-executive Director on 25 May 2018 and is responsible for providing independent advice to the Board. Mr. Rui is also the chairman of the audit committee and a member of the nomination committee of the Company.

Mr. Rui has been a Professor of Finance and Accounting at China Europe International Business School (中歐國際工商學院) since January 2012, and has held the title of Parkland Chair in Finance at China Europe International Business School since October 2015.

Mr. Rui has been professionally designated as a Certified Financial Analyst by the Association for Investment Management and Research since September 2000 and a Financial Risk Manager by the Global Association of Risk Professionals since April 2010.

Mr. Rui was an independent director of the board and chairman of the audit committee at Midea Group Co., Ltd.* (美的集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code:000333), from August 2015 to September 2018. He currently serves as an independent director of the board and a member of the audit committee at COSCO Shipping Energy Transportation Co., Ltd. (中遠海運能源運輸股份有限公司), a company listed on both the Main Board of the Stock Exchange (stock code: 1138) and the Shanghai Stock Exchange (stock code: 600026), an independent director of the board and the chairman of the audit committee at Shanghai Winner Information Technology Co., Inc.* (上海匯納信息科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300609), an independent director of the board at Shang Gong Group Co., Ltd.* (上工申貝(集團) 股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600843) and an independent non-executive director of the board and the chairman of the audit committee at China Education Group Holdings Limited (中國教育集團控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 0839) and an independent non-executive director of the board, the chairman of the audit committee, and a member of the nomination committee and the remuneration committee respectively of Landsea Green Group Co., Ltd. (朗詩綠色集團有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 106).

Mr. Rui graduated from University of International Relations (國際關係學院) in the PRC in July 1990, where he obtained a bachelor degree in international economics. He also received a master of science in economics from Oklahoma State University in the United States as well as a master of business administration degree and a doctor of philosophy degree in business administration from the University of Houston in the United States in May 1993, December 1996 and August 1997, respectively.

Mr. Chen Weiru (陳威如), aged 49, was appointed as an Independent Non-executive Director on 25 May 2018 and is responsible for providing independent advice to the Board. Mr. Chen is also the chairman of the remuneration committee and a member of the audit committee and the nomination committee of the Company.

Mr. Chen was an assistant professor of strategy at the Asia Campus of INSEAD (歐洲工商管理學院) from September 2003 to 2011 and an associate professor of strategy at China Europe International Business School (中歐國際工商學院) from July 2011 to 2017. Mr. Chen became the chief strategy officer at Zhejiang Cainiao Supply Chain Management Company Limited* (浙江菜鳥供應鏈管理有限公司) (a company primarily engaged in smart logistics platform) in August 2017, where he is responsible for strategic decisions making and executing for business development. He is now an Executive director of Industry Internet Center of Alibaba Business School since February 2019. He was an independent director of the board respectively at Zhejiang DUNAN Artificial Environment Co.,Ltd.* (浙江盾安人工環境股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 002011)) from April 2015 to April 2017, at Nanjing OLO Home Furnishing Co., Ltd.* (南京我樂家居股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 603326)) from April 2015 to July 2017, and at CG Life Services from May 2016 to January 2018. Mr. Chen currently serves as an independent director of the board at TAL Education Group (好未來教育集團), a company listed on the New York Stock Exchange (stock code: TAL) and an independent director of the board at Dian Diagnostics Co., Ltd.* (迪安診斷技術股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300244).

Mr. Chen graduated from National Taiwan University (國立台灣大學) in Taiwan in June 1993, where he obtained a bachelor degree in business administration. In January 1996, he graduated from Tamkang University (淡江大學) in Taiwan, where he obtained a master degree in business administration. He received a Ph.D. in strategy from Purdue University (普渡大學) in the United States in December 2003.

Senior Management

Mr. Gong Shunsong (龔順松), aged 41, was appointed as a Chief Operating Officer in January 2018 and is primarily responsible for overall management, operations and business development.

Prior to joining our Group, from May 2003 to January 2018, he served in positions in various logistics companies including logistics manager at Flextronics Logistics (Zhuhai) Company Limited* (偉創力物流(珠海)有限公司), where he was responsible for overseeing logistic systems and VMI operation supporting, business director at Shenzhen Ourate Supply Chain Management Company Limited (深圳歐瑞特供應鏈管理有限公司) (formerly known as Shenzhen Arvato Logistics Services Company Limited* (深圳歐唯特物流服務有限公司)), where he was responsible for management of the overall business operations and logistics director and vice president of e-commerce and logistics supply chain business division at SF Holding Co., Ltd.* (順豐控股股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002352), where he was responsible for operations management until he joined our Group in January 2018.

Mr. Gong obtained a diploma in computer science from Jiujiang College Xundong Campus (九江學院潯東校區) (formerly known as Jiujiang Normal College (九江師範高等專科學校)) in the PRC in June 2000. He graduated from Royal Roads University in Canada in November 2006, where he obtained a master degree of business administration in executive management.

Mr. Xu Binhuai (徐彬淮), aged 41, was appointed as a Chief Strategy Officer in October 2016 and is primarily responsible for strategic planning in business innovation, brand management and community life service operation.

Prior to joining our Group, from November 2004 to February 2010, Mr. Xu served in various positions in marketing at DHL-SINOTRANS International Air Courier Ltd.* (中外運-敦豪國際航空快件有限公司), including manager of sales performance group and regional sales and marketing planning manager, where he was mainly responsible for sales planning and performance management. From March 2010 to October 2012, he served as the head of marketing department of North Asia at American President Lines (China) Co., Ltd. (美國總統輪船(中國)有限公司), a logistics company, where he was mainly responsible for marketing and sales management in North Asia. From November 2012 to February 2016, he served as a senior project manager at Roland Berger Strategy Consultants (Shanghai) Company Limited* (羅蘭貝格企業管理(上海)有限公司), where he was in charge of providing business consulting services to, among others transportation, logistics, tourism and public service industries.

Mr. Xu joined the CGH Group as the deputy general manager of corporate strategy office in March 2016 and was mainly responsible for strategic planning of new business lines until September 2016.

Mr. Xu graduated from Fudan University in July 2002, where he obtained a bachelor degree in macromolecular material and engineering. He graduated from the University of Hong Kong in November 2016, where he obtained a master degree in business administration.

Mr. Huang Peng (黃鵬), aged 36, was appointed as a Chief Financial Officer in September 2016 and is primarily responsible for financial management, strategic investment management, operation management, compliance and company secretarial matters of our Group.

Prior to joining our Group, from April 2006 to September 2009, Mr. Huang served as listing office manager and manager of securities department in Vtron Group Co., Ltd.* (威創集團股份有限公司) (formerly known as Guangdong Vtron Video Technologies Company Limited* (廣東威創視訊科技股份有限公司)), a company listed on the Shenzhen Stock Exchange (stock code: 002308), where he was responsible for investor relations, and investment management. From October 2009 to December 2015, he served in various positions including as the head of finance, secretary of the board and deputy general manager in Pony Test Group Company Limited* (譜尼測試集團股份有限公司), a company mainly engaged in comprehensive testing services for various industries, where he was responsible for financial management and board secretarial matters.

Mr. Huang served as an independent director of the board at Beijing Arrays Medical Imaging Corporation* (北京銳視康科技發展有限公司), a company engaged in production and sales of medical imaging equipment, until September 2016. He was also an executive director at Guangzhou Yanzhao Enterprise Management Company Limited* (廣州炎昭企業管理有限公司) from January 2016 to October 2016, a company mainly engaged in business management advisory services and an executive director at Guangdong Huishi Network Medical Investment Company Limited* (廣東惠視網絡醫療投資有限公司) from July 2016 to November 2016, a company mainly engaged in investment advisory services and hospital management.

Mr. Huang graduated from Huazhong University of Science and Technology in the PRC in June 2005, where he obtained a bachelor degree in transportation. He graduated from Guanghua School of Management of Peking University (北京大學光華管理學院) in the PRC with a master degree in business administration in July 2012. He became a PRC Certified Public Accountant (中國註冊會計師) certified by The Certified Public Accountant Examination Committee of the Ministry of Finance (財政部註冊會計師考試委員會) in December 2014.

Mr. Yu Xiangdong (余向東), aged 50, was appointed as a Vice President in June 2014 and is primarily responsible for management of community value-added services business.

Prior to joining our Group, from August 1998 to September 2013, he served in various positions including deputy manager of business management department at Shenzhen Vanke Property Service Company Limited* (深圳市萬科物業服務有限公司), where he was responsible for committee development affairs of property management, providing consultancy services for business development and other community business operations, manager of business management department at Vanke Property Development Company Limited* (萬科物業發展股份有限公司), where he was responsible for development of property management and providing consultancy services for business development, director of general manager office at Shenzhen Vanke Property Services Company Limited* (深圳市萬科物業服務有限公司), where he was responsible for information management, brand management and public relations, and general manager at Beijing Vanke Property Service Company Limited Qingdao Branch Office* (北京萬科物業服務有限公司青島分公司), where he was responsible for overall business operations and property management in Shandong Province. Mr. Yu worked at Shenzhen Wanrui Technology Company Limited* (深圳市萬睿智能科技有限公司), a company primarily engaged in the development and application of intelligent building technology until May 2014, where he was responsible for market expansion.

Mr. Yu graduated from Ocean University of China (中國海洋大學) (formerly known as Qingdao Ocean University (青島海洋大學)) in the PRC in July 1991, where he obtained his bachelor degree in freshwater fisheries. He obtained a master degree in zoology from South China Normal University (華南師範大學) in the PRC in July 1994.

Mr. Yuan Hongkai (袁鴻凱), aged 41, was appointed as a Chief Information Officer in February 2017 and is primarily responsible for informatization solutions and intelligent technology management. Mr. Yuan joined CG Life Services as information management consultant in June 2016.

Prior to joining our Group, from July 2000 to May 2016, Mr. Yuan served in various positions including assistant to the general manager from July 2000 to March 2011 at China Sigma Co., Ltd.* (中國希格瑪有限公司)(an investment company mainly engaged in development and sales of high technology and construction materials) where he was primarily responsible for the group's informatization and had set up a group-wide information system for various business segments invested by the group including the real estate segment, medical care segment, hotel management segment, property management segment, golf and retail segment, etc.; information technology director from March 2011 to December 2013 at Kinghand Real Estate Development Group Company Limited* (京漢實業投資集團股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 000615), which is principally engaged in real estate development and sales), where he was mainly responsible for setting up the overall management system of the company, assisting the company in managing the tender, procurement, design, cost and project management involved in the whole real estate development chain, as well as establishing an integrated information system for financial management based on comprehensive budgeting and providing information management support for the company's listing and standardized management; and vice president and director of the board from January 2014 to May 2016 at Easy Life (Beijing) Smart Community Investment and Development Company Limited* (樂生活 (北京) 智慧社區投資發展股份有限公司) (a company listed on the National Equities Exchange and Quotations Systems (stock code: 837249), which is mainly engaged in property management services), where he was responsible for research and development of information management system technology and establishment of community business service system, and during such period he had set up a new property information management system and established an online and offline community business service system.

Mr. Yuan graduated from the University of Science and Technology of China (中國科學技術大學) in the PRC in July 2000, where he completed his bachelor degree in computer science and application of professional engineering. He obtained a master degree in software engineering from Beijing University of Aeronautics and Astronautics (北京航空航天大學) in the PRC in July 2007.

Mr. Li Ka Lun(李家麟), aged 32, was appointed as a Vice President in July 2019. He is primarily responsible for the Company's various financing, investment, mergers, acquisitions and internal governance matters. Mr. Li joined the Group in August 2018 as a finance manager.

Prior to joining our Group, from August 2012 to February 2016, Mr. Li served as relationship manager in Bank of Communications Hong Kong Branch and CMB Wing Lung Bank, where he was responsible for providing corporate finance solution and financial analysis for corporate customers. From February 2016 to April 2018, he served as senior manager in the capital market department of HNA Group (International) Limited Company, where he was responsible for bank and debt capital market financing.

Mr. Li graduated from the City University of Hong Kong, where he obtained a bachelor degree of Business Administration (Finance) in 2012. Mr. Li has been designated as a Financial Risk Manager by Global Association of Risk Professionals since 2017.

Joint Company Secretaries

Mr. Huang Peng (黃鵬), aged 36, was appointed as Joint Company Secretary on 9 March 2018. For details of Mr. Huang Peng, please refer to "Biographical Details of Directors and Senior Management — Mr. Huang Peng (黃鵬)" in this section.

Mr. Leung Chong Shun (梁創順), aged 54, was appointed as Joint Company Secretary on 9 March 2018. He has been a partner of Woo Kwan Lee & Lo. (胡關李羅律師行), a law firm based in Hong Kong, since 1997.

Mr. Leung is currently the company secretary of another four listed companies on the Main Board of the Stock Exchange, namely, China Merchants China Direct Investments Limited (招商局中國基金有限公司) (stock code: 0133), China Merchants Port Holdings Company Limited (招商局港口控股有限公司) (stock code: 0144), Guangzhou Automobile Group Co., Ltd. (廣州汽車集團股份有限公司) (stock code: 2238) and CGH (stock code: 2007).

Mr. Leung graduated from the University of Hong Kong, where he obtained a bachelor degree in laws in November 1988 and obtained the Postgraduate Certificate in laws in September 1989. He became a qualified solicitor in Hong Kong in October 1991 and in England and Wales in November 1994, respectively.

The Group deeply understands the important role that its Board plays in providing effective leadership and guidance for the businesses of the Group and ensuring the transparency and accountability of the operation of the Group, and knows very well that sound corporate governance will lead the Group towards success and help add value to the shareholders. Therefore, the Board consistently strives to maintain a high level of business ethnics, a healthy corporate culture and sound corporate governance by formulating and implementing a corporate governance policy and practice that is in line with the behavior and growth of the businesses of the Group.

During the year ended 31 December 2019, the Company has adopted and complied with the principles and code provisions set out in the Code on Corporate Governance Code (if applicable), except for the deviation as specified and explained below with considered reasons:

The Corporate Governance Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. Ms. Yang Huiyan, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 20 May 2019 due to other important engagements.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code in Appendix 10 to the Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry, all Directors confirmed that they have complied with the required standard regarding securities transactions set out therein throughout the year ended 31 December 2019. Relevant employees who may 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.

Board of Directors

The Board supervises over the business, strategic decisions and performance of the Group and should make decisions objectively in the best interest of the Company.

The Board should regularly review the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

The Board assumes responsibility for leadership, supervision and control of the Company and is collectively responsible for directing and supervising the Company’s affairs. The Board is fully responsible for the formulation of business policies and strategies in relation to the business operation of the Group, including dividend policy and risk management strategies. The management is delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group.

Board Composition

As at 31 December 2019, the Board comprised nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors.

During the year ended 31 December 2019, the Board comprised the following Directors:

Executive Directors:	Mr. LI Changjiang *(President)* Mr. XIAO Hua Mr. GUO Zhanjun
Non-executive Directors:	Ms. YANG Huiyan *(Chairman)* Mr. YANG Zhicheng Ms. WU Bijun
Independent Non-executive Directors:	Mr. MEI Wenjue Mr. RUI Meng Mr. CHEN Weiru

The detailed biography of the current Directors are set out in the section headed "**Directors and Senior Management**" of this annual report.

Mr. Yang Zhicheng is a cousin of Ms. Yang Huiyan, one of the controlling shareholders, the Chairman of the Board and a Non-executive Director. Save as disclosed above, there was no relationship among the members of the Board, including financial, business, family or other material/relevant relationship.

During the year ended 31 December 2019, the Company arranged for appropriate cover on Directors' and Senior Management' liability insurance policy to indemnify the Directors and Senior Management for liabilities arising from the corporate activities. The coverage and the amount insured under such policy are reviewed annually by the Company. No legal actions were made against any of the Directors in relation to their duties performed for the Company during the Year.

Independent Non-Executive Directors

During the Year, the Board has complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules in having three independent non-executive Directors (representing one-third of the Board) from time to time. The independent non-executive Directors, all of whom are independent of the management of the Group's businesses, are highly experienced professionals with substantial experience in areas such as legal, accounting or financial management.

The Company has received annual written confirmation from each of the independent non-executive Directors of his independence to the Group pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all the independent non-executive Directors meet the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules and are independent persons according to the same, and they complied with the requirement for independence under Rule 3.13 of the Listing Rules.

In addition to the regular Board meetings, the chairman met with the independent non-executive Directors without the presence of other Directors during the year ended 31 December 2019.

Directors' Continuing Professional Development

Directors' training is an ongoing process. All Directors are encouraged to attend seminars and courses on relevant topics which may count towards continuous professional development training.

Pursuant to Code A.6.5 of the Corporate Governance Code, Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. According to the records maintained by the Company, during the Year, all the current Directors, being Ms. Yang Huiyan, Mr. Li Changjiang, Mr. Xiao Hua, Mr. Guo Zhanjun, Mr. Yang Zhicheng, Ms. Wu Bijun, Mr. Mei Wenjue, Mr. Rui Meng and Mr. Chen Weiru, had participated in appropriate continuous professional development activities by ways of attending training sessions, reading articles, newspapers, journals and/or updates relevant to the Company's business or to the Directors' duties and responsibilities and complied with the provisions of Code A.6.5 of the Corporate Governance Code.

A summary of their training records is as follows:

Directors	Type of Continuing Professional Development (Note 1)	Content of Continuing Professional Development (Note 2)
Executive Directors:		
Mr. Li Changjiang *(President)*	1, 2	A, B
Mr. Xiao Hua	1, 2	A, B
Mr. Guo Zhanjun	1, 2	A, B
Non-executive Directors:		
Ms. Yang Huiyan *(Chairman)*	1, 2	A, B
Mr. Yang Zhicheng	1, 2	A, B
Ms. Wu Bijun	1, 2	A, B
Independent Non-executive Directors:		
Mr. Mei Wenjue	1, 2	A, B
Mr. Rui Meng	1, 2	A, B
Mr. Chen Weiru	1, 2	A, B

Note 1:

1 Attending internal seminars/training sessions, lectures, symposiums or forums

2 Reading newspapers, journals and updates

Note 2:

A. Businesses relating to the Company

B. Laws, rules and regulations, accounting standards

Appointment and Re-Election of Directors

Under the provision of Code A.4.1 of the CG Code, non-executive Directors should be appointed for a specific term and be subject to re-election. Each of the Directors is engaged on a service agreement (for executive Directors and non-executive Directors) or an appointment letter (for independent non-executive Directors) for a term of three years or for a term expiring on 18 June 2021. All of them are subject to retirement and re-election in accordance with the articles of association of the Company (the "**Articles of Association**").

According to the Articles of Association, (i) any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his appointment and be subject to re-election at such meeting; (ii) any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election; and (iii) at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement at an annual general meeting at least once every three years. As such, no Directors have a term of appointment longer than three years.

Board Meetings

The Board holds at least four meetings a year at approximately quarterly intervals. Additional meetings would be arranged if and when required. The date of each meeting is decided in advance to enable the Directors to attend the meeting in person. For those Directors who are not able to attend these meetings in persons, participation by telephone conference is available.

The Board meets regularly for discussing and determining the strategies of the Group, setting directions and monitoring the performance of the Group. Notice of not less than 14 days is given to all Directors before convening all regular meetings. Each Director can access to the advices and services of the Company Secretary and is invited to include any matters for discussion in the agenda of the regular meetings. Agendas and materials for discussion in the meetings are circulated to all Directors at least 3 days prior to the date of the meetings.

A substantial shareholder or a Director, who has declared to have a conflict of interest in the proposed transactions or issues to be discussed, shall not be counted in the quorum of the meeting and shall abstain from voting on the relevant resolution, and the matter will be dealt with by a physical Board meeting rather than a written resolution.

The Company Secretary of the Company prepares detailed minutes of each meeting. After the meeting, draft and final versions of the minutes would be sent to all the Directors for comments and records as soon as practicable. Minutes of Board meetings and Board committees' meetings are kept by the Listing Company Secretariat of the Company and are open for inspection by any Director after due notice is issued by him/her.

During the year ended 31 December 2019, the Directors have made active contribution to the affairs of the Group and 13 Board meetings were held to consider, among other things, various transactions contemplated by the Group and to review and approve the interim results and annual results of the Group.

Pursuant to Article 100(1) of the Articles of Association, a Director shall not be entitled to vote nor be counted in the quorum on any resolution of the Board approving any contract or arrangement or any other proposal in which he or his associates is materially interested.

Attendance Records of the Directors

The attendance record of Directors at the Board meetings, the Board committees meetings and the general meetings held during the year ended 31 December 2019 is set out below:

Directors	Number of attendance/Number of meetings held for the year ended 31 December 2019				
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	General Meetings
Executive Directors:					
Mr. Li Changjiang *(President)*	13/13	N/A	N/A	N/A	2/2
Mr. Xiao Hua	13/13	N/A	N/A	N/A	2/2
Mr. Guo Zhanjun	13/13	N/A	N/A	N/A	2/2
Non-executive Directors:					
Ms. Yang Huiyan *(Chairman)*[(1)]	13/13	N/A	1/1	1/1	1/2
Mr. Yang Zhicheng[(1)]	13/13	N/A	N/A	N/A	1/2
Ms. Wu Bijun[(1)]	13/13	N/A	N/A	N/A	1/2
Independent Non-executive Directors:					
Mr. Mei Wenjue[(1)]	13/13	3/3	1/1	N/A	1/2
Mr. Rui Meng[(1)]	13/13	3/3	N/A	1/1	1/2
Mr. Chen Weiru	13/13	3/3	1/1	1/1	2/2

Note 1:

Ms. Yang Huiyan, Mr. Yang Zhicheng, Ms. Wu Bijun, Mr. Mei Wenjue and Mr. Rui Meng could not attend the annual general meeting of the Company held on 20 May 2019 due to other important engagements and had completed the leave procedures.

Chairman and President

Ms. Yang Huiyan is the Chairman and Mr. Li Changjiang is the President of the Company. The roles of the Chairman and the President are segregated. Ms. Yang and Mr. Li are not connected in any respect. The Chairman provides leadership for the Board and ensures that there is clear division of responsibilities at the Board level. The President is responsible for overseeing the day-to-day management of the Company, supervising the businesses of the Group and ensuring that Board committees work smoothly and effectively.

Board Committees

As part of good corporate governance, the Board has set up a Remuneration Committee, an Audit Committee and a Nomination Committee for overseeing particular aspects of the Company's affairs. Each Committee has its own specific delegated authorities and operates within defined written terms of reference, which are posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.bgyfw.com). All the Board Committees should report to the Board on their decisions or recommendations made.

Audit Committee

The Audit Committee currently comprises all three independent non-executive Directors, namely Mr. Rui Meng, who acts as the chairman, Mr. Mei Wenjue and Mr. Chen Weiru.

The duties of the Audit Committee include, inter alias, reviewing and monitoring the financial reporting, risk management and internal control systems of the Company, and assisting the Board in fulfilling its responsibility over the audit; making recommendations to the Board on the appointment, re-appointment and removal of the external auditor; and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process. The Audit Committee should meet at least twice a year to discuss and review the financial information, the risk management and internal control systems and relevant matters. The proceedings of the Audit Committee meetings are the same as that of the Board meetings. Terms of reference of the Audit Committee are currently available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.bgyfw.com).

During the Year, the Audit Committee has reviewed the audit planning memorandums, the annual results and annual report for the year ended 31 December 2018, the interim results and interim report as of 30 June 2019, the financial reporting and compliance procedures, the compliance and internal control report, the risk management and internal control system, the remuneration of external auditors, the adequacy of resources, qualifications and experience of the employees of the Group's accounting and financial reporting function department, and their training plans and budgets.

The Company's annual results announcement and annual report for the Year have been reviewed by the Audit Committee.

During the Year, the Audit Committee held three meetings and has duly discharged the above duties. The attendance of individual Directors at the Audit Committee meetings is listed under the section headed "**Attendance Records of the Directors**" above on a named basis.

Remuneration Committee

The Remuneration Committee currently comprises two independent non-executive Directors, namely Mr. Chen Weiru, who acts as the chairman, Mr. Mei Wenjue, and one non-executive Director, namely Ms. Yang Huiyan.

The responsibilities and authorities of the Remuneration Committee are clearly defined in its terms of reference, the principal duties of which include: (i) making recommendations to the Board on the Company's policy and structure for the remuneration of all the Directors and senior management of the Group; (ii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and (iii) making recommendations to the Board on the remuneration packages of individual Directors and senior management.

The Board together with the Remuneration Committee monitor the performance of the Executive Directors and the senior management. Such division of responsibilities ensures a balance of power. The Remuneration Committee shall meet at any time when necessary. Terms of reference of the Remuneration Committee are currently available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.bgyfw.com).

The Remuneration Committee held one meeting during the year ended 31 December 2019. During the meeting, the Remuneration Committee reviewed and recommended to the Board on the remuneration package of the Directors as well as approved the service contract of the Directors. The attendance record of individual Directors at the Remuneration Committee meetings is listed under the section headed "**Attendance Records of the Directors**" above on a named basis.

Details of the remuneration of each of the Directors for the year ended 31 December 2019 are set out in note 35 to the consolidated financial statements.

Details of the 5 individuals with the highest emoluments are set out in note 9(a) to the consolidated financial statements.

The remuneration of the members of senior management (other than Directors) by band for the year ended 31 December 2019 is set out below:

RMB	Number of members of senior management
0,000,000 to 2,000,000	1
2,000,001 to 4,000,000	4
4,000,001 to 6,000,000	1

Nomination Committee

The Nomination Committee currently comprises three members, including one non-executive Director, namely Ms. Yang Huiyan, who acts as the chairman, and two independent non-executive Directors, namely Mr. Rui Meng and Mr. Chen Weiru.

The main duties of the Nomination Committee include, inter alia, reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Board members, assessing the independence of independent non-executive Directors and making recommendations to the Board on the appointment and removal of Directors. Terms of reference of the Nomination Committee are currently available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.bgyfw.com).

During the year ended 31 December 2019, the Nomination Committee held one meeting and has duly discharged the above duties. The attendance record of individual Directors at the Nomination Committee meetings is listed under the section headed "**Attendance Records of the Directors**" above on a named basis.

The Nomination Policy was approved on 20 December 2018.

Objective:

1. The Nomination Committee shall nominate suitable candidates to the Board for it to consider and make recommendations to Shareholders for election as Directors at general meetings for appointment or re-appointment or appoint as Directors to fill casual vacancies or as an addition to the existing Board.

2. The Committee may, as it considers appropriate, nominate a number of candidates more than the number of directors to be appointed or re-appointed at a general meeting, or the number of casual vacancies to be filled.

3. The Committee should ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

Selection Criteria

4. The factors listed below would be used as reference by the Committee in assessing candidates:

    i. Reputation for integrity

    ii. Accomplishment and experience in different industries

iii. Commitment in respect of available time and relevant interest

iv. Independence

v. Diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, qualifications, professional experience, skills, knowledge, independence and length of service

vi. For proposed independent non-executive directors who will be holding their seventh (or more) listed company directorship, whether the individuals would still be able to devote sufficient time to the Board (including whether the individuals have extensive experience in corporate governance of listed companies, are familiar with the management of listed companies, have close and good communication with the management and other independent non-executive directors of the Company, can make the management decision of the Company works properly, are a chairman of the board or chief executive officer or full-time executive director of other listed companies, the business activity of other listed companies in which the individuals hold directorship, etc.)

vii. other factors considered to be relevant by the Committee on a case by case basis, including the requirements and restrictions as stated in the Listing Rules

These factors are for reference only, and not meant to be exhaustive and decisive. The Committee has the discretion to nominate any person, as it considers appropriate.

5. Retiring Directors are eligible for nomination by the Committee and recommendation by the Board to stand for re-election at a general meeting.

6. Proposed candidates will be asked to submit the necessary personal information in a prescribed form, together with their written consent to be appointed as a Director and to the public disclosure of their personal data on any documents or the relevant websites for the purpose of or in relation to their standing for election as a Director.

7. The Committee may request candidates to provide additional information and documents, if considered necessary.

Nomination Procedures

8. The Secretary of the Committee or the Company Secretary shall call a meeting of the Committee, and invite nominations of candidates from Board members if any, for consideration by the Committee prior to its meeting. The Committee may also identify candidates pursuant to the criteria set out above and put forward candidates who are not nominated by Board members.

9. The Committee may use any process it deems appropriate to evaluate the candidates pursuant to the criteria set out above, which may include personal interviews, background checks, presentations or written submissions by the candidates and third party references.

10. For filling a casual vacancy and for addition to the existing Board, the Committee shall make recommendations for the Board's consideration, approval and appointment. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. For proposing candidates to stand for election at a general meeting, the Committee shall make nominations to the Board for its consideration and recommendation to the Shareholders.

11. In case of election at a general meeting, until the issue of the shareholder circular, the nominated persons shall not assume that they have been proposed by the Board to stand for election at the general meeting.

12. In order to provide information of the candidates nominated by the Board to stand for election at the general meeting, a circular will be sent to Shareholders. The names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations (including the Listing Rules), of the proposed candidates will be included in the circular to shareholders. In addition, where a new Director is appointed or re-designated, the Company will announce the change as soon as practicable and include details of the relevant Director as required pursuant to the Listing Rules.

13. The Shareholders of the Company may propose a person for election as a director. A shareholder can serve a notice at the registered office, head office or the registration office (such place as the Board may from time to time determine to keep a branch register of members and where (except the Board otherwise directs) the transfer or other documents of title are to be lodged for registration and are to be registered) of the Company within the lodgment period of its intention to propose a resolution to elect certain person(s) as a Director, without the Board's recommendation or the Committee's nomination, other than those candidates set out in the shareholder circular. The particulars of the candidates so proposed will be sent to all Shareholders for information by a supplementary circular.

14. A candidate is allowed to withdraw his candidature at any time before the general meeting by serving a notice in writing to the Company Secretary.

15. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting. The ultimate responsibility for selection and appointment of Directors rest with the entire Board.

16. The Company will disclose this nomination policy in the Company's corporate governance report and/or by other means in accordance with the requirements of the Listing Rules.

17. The progress made towards achieving the objective set in this nomination policy will be disclosed in the Company's corporate governance report annually and/or by other means in accordance with the requirements of the Listing Rules.

Corporate Governance Function

As no corporate governance committee has been established, the Board is responsible for, among other things, formulating and reviewing the policies and practices on corporate governance of the Group and make recommendations, monitoring the Group's compliance of legal and regulatory requirements, reviewing and monitoring the training and continuous professional development of Directors and senior management, and reviewing the Group's compliance with the Corporate Governance Code and the disclosures in the annual report. The corporate governance report has been reviewed by the Board in the discharge of its corporate governance function.

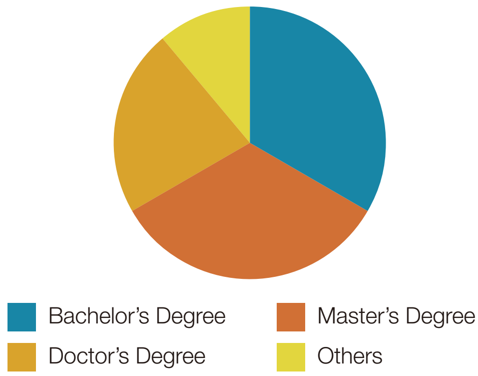
Summary of the Board Diversity Policy

The Company has adopted a board diversity policy setting out the objectives and the factors to be considered for achieving the diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. All Board appointments will be based on meritocracy and competence, and the candidates will be considered against certain objective criteria such as gender, age, cultural and educational background, ethnicity, professional qualifications, areas of experience, skills, knowledge and length of services, etc. The Nomination Committee monitors and reviews (if appropriate) the implementation of the Board Diversity Policy.

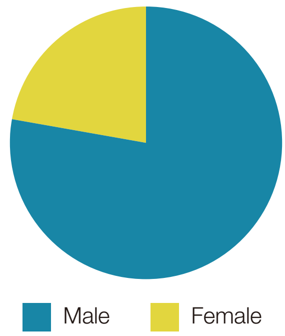
The Company seeks to achieve board diversity taking into account of a number of factors, including but not limited to, educational background, gender, age, skills and knowledge. The ultimate selection decision will be based on merits and contribution to the Board.

As at 31 December 2019, an analysis of the Board composition based on the range of diversity perspectives is set out as follows:

Educational background (highest)

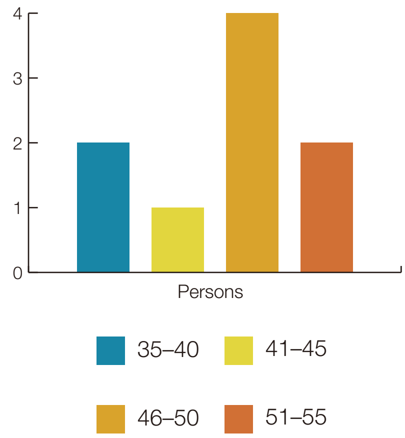


Gender



Skills and Knowledge

Age



Each of the Board members possesses different skills and knowledge, including development strategy and marketing management, human resource management, property management, financial management, etc. The Board is characterized by significant diversity in terms of gender, age, degree, skills and knowledge.

Directors' Responsibility on the Consolidated Financial Statements

The Directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2019.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual reports and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided necessary explanation and information to the Board to enable it to make an informed assessment of the financial information and financial position of the Group presented to the Board for approval.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Deed of Non-Competition

Ms. Yang Huiyan, ultimate controlling shareholder of the Company, has entered in the Deed of Non-Competition dated 29 May 2018 in favour of our Company to the effect that she will not, and will procure her respective Close Associates not to, directly or indirectly participate in, or hold any right or interest in, or otherwise be involved in any business which may be in competition with the business of the Company, further details of which are set out in the paragraph entitled "**Deed of Non-Competition**" in the prospectus of the Company dated 6 June 2018.

The Company has received the written confirmation from Ms. Yang Huiyan in respect of her compliance with the terms of the non-competition undertaking for the year ended 31 December 2019. The independent non-executive directors had reviewed the compliance with and enforcement of the terms of the non-competition undertaking by Ms. Yang for the year ended 31 December 2019.

Risk Management and Internal Control Systems

Duties of the Board and the Management

The Board is solely responsible for maintaining sound and effective risk management and internal control systems to safeguard the Company's assets and the shareholders' interests. The Board deeply understands the key role of the Company's risk management and internal control systems in its risk management and ongoing compliance with laws and regulations. The Company is aware of the duties of the Board and the management in the risk management and internal control systems:

- **The Board** shall be responsible for assessing and determining the nature and extent of the risks that the Company is willing to take when achieving the strategic objectives. It shall ensure that the Company establishes and maintains appropriate and effective risk management and internal control systems, oversee the management in the design, implementation and monitoring of the risk management system and conduct a review on an annual basis.

- **The management** shall be responsible for designing, implementing and supervising the risk management and internal control systems, and confirming the effectiveness of risk management and internal control with the Board.

Such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve the business objectives and to only provide reasonable rather than absolute assurance that there will be no material misstatement or loss.

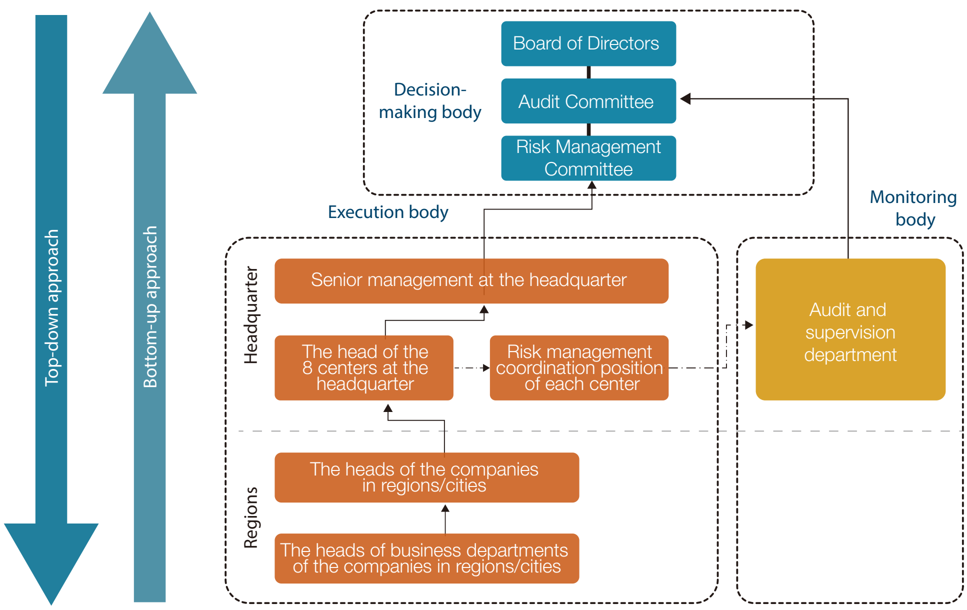
Risk Management

1. Risk Management System Construction:

The Group set up the top-down bottom-up risk management infrastructure in 2018, defined risk management procedures and adopted an active and structured approach to facilitate improvement of its internal risk management culture. In this year, basing on the work achieved in previous years, the Company has continuously improved the risk management system structure and guided the implementation of risk assessment for the whole company and ongoing risk monitoring activities through the following work:

1) **Establish the risk management committee:** the Board of Directors established a risk management committee in 2019 to oversee the design, implementation and maintenance of the Company's risk management system, and has defined its responsibilities: acting as the standing organization at the headquarters' management level, the Risk Management Committee is responsible for the Company's risk management and reporting the annual risk assessment and daily risk management work to the audit committee.

2) **Set up the risk management organizational structure:** the Company has established a risk management organizational structure *(see diagram 1: risk management organizational structure)* covering the decision-making level (the Board, the Audit Committee and the Risk Management Committee), the supervisory level (the audit and supervision department) and the executive level (the senior management and the management of each functional centers under the headquarter/subsidiaries), has segregated risk management responsibilities to define the risk management responsibilities and risk information reporting routes for management and various functional departments. Among which, the Board, the Audit Committee and the Risk Management Committee will monitor, identify and assess risks at company level using a top-down approach, while the functional centers at headquarter and subsidiaries will identify, manage and report risks at operational level using a bottom-up approach.



(Diagram 1: Risk Management Organizational Structure)

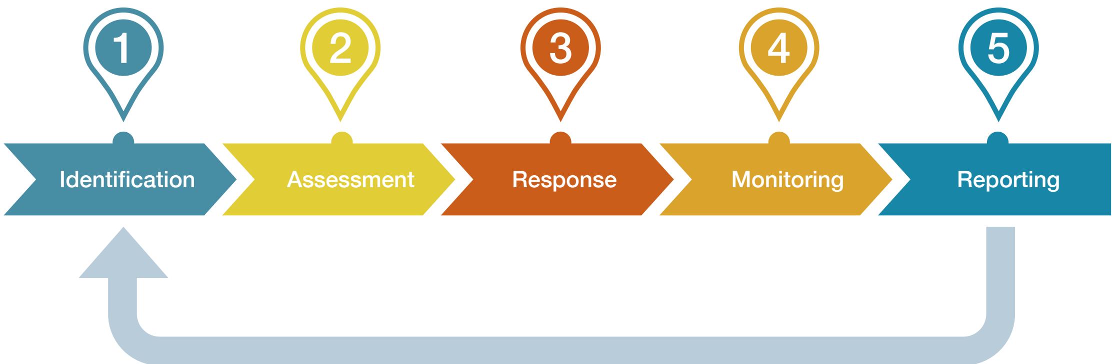
The primary roles and responsibilities of the risk management system are as follows:

Roles	Major responsibilities
The Board (decision-making body)	• To evaluate and determine the nature and extent of the risks that the Company is willing to take when achieving the strategic objectives • To ensure that the effective risk management and internal control systems are established and maintained • To oversee management in the design, implementation and monitoring of the risk management and internal control systems
The Audit Committee (decision-making body)	• To review and formulate the framework of risk management • To review and assess the framework of the Company's risk management on a regular basis • To continuously monitor the scope of work of the risk management system and the work of other assurance providers • To monitor the frequency of major control failures or weak points, the extent of unforeseen consequences or emergencies resulted therefrom, and the material impact that has caused, may have caused or will cause on the financial performance or condition of the Company • To report any material risk management matters and recommend solutions to the Board
The Risk Management Committee (decision-making body)	• The Risk Management Committee is the organization for risk management. It is responsible for risk management of the Company, and reports the Company's risk assessment results to the Audit Committee
The senior management at each headquarter (execution body)	• To make risk assessment on a regular basis according to the Company's strategy, in order to formulate risk management measures • To design, implement and monitor the risk management and internal control systems • To confirm the effectiveness of risk management and internal control systems with the Board
The management of the headquarters and its subsidiaries (execution body)	• To formulate and implement the risk response solutions for the respective business • To promote and implement specific risk management measures • To control various risks of the respective business and report risk information to the senior management at headquarters in a timely manner
Audit and Supervision Department (supervisory body)	• To coordinate and promote the establishment of the risk management system • To coordinate and promote the implementation of risk assessments in each business center • To supervise over the implementation of risk response and monitoring in each business center

Roles	Major responsibilities
Risk management coordination position at each center of the headquarters (execution body)	• To work with the management of the headquarters and its subsidiaries, and to assist the Audit and Supervision Department to promote the establishment of the risk management system • To assist the promotion of risk assessments in each business center • To assist the supervision of the risk response and monitoring in each business center

3) **Update risk assessment criteria:** during this year, basing on changes in both internal and external environment, and taking into account the Company's business nature and operational features, strategic goals as well as risk preference of the management, the Company has updated the risk assessment criteria which are applicable to the Company, including (finance, operation, regulation, corporate reputation, personnel etc.) qualitative and quantitative considerations. During the risk assessment process, the Company will systematically streamline, assess and sort the risks that are most likely to affect the achievement of corporate objectives through the use of jointly identified assessment methods and criteria and by measuring the possibility of risk occurrence and the impact level of risks.

4) **Establish and standardize a risk management process:** to establish a risk management process that includes the main steps of identification, assessment, response, monitoring and reporting (see diagram 2: main steps of the risk management process) and form a closed loop to continuously monitor and manage risks. Specifically, it includes, based on the business objectives of the Company, identifying the risk factors that affect the achievement of such business objectives and assessing the possibility and potential impact of each specific risk; streamlining and recording the existing specific risk response measures; and continuously monitoring and assessing the changes in risks and adjusting response measures in a timely manner. During this year, the Company has reviewed, adjusted and improved the risk management process, and also enhance the efficiency and standardization of its operation.



(Diagram 2: main steps of the risk management process)

5) **Determine the frequency of risk management review:** to determine the frequency of the risk assessment and reporting of the Company (at least once a year), and to standardize the form and frequency of the report with above key elements through the Risk Management Manual of Country Garden Services Holdings Company Limited (《碧桂園服務控股有限公司風險管理手冊》).

2. Implementation of corporate risk assessment in 2019

In this year, based on the established risk management system above, the management has continued to strengthen its management with the assistance of external advisory bodies, and has updated and assessed the top ten risks for the year 2019.

The management has updated the risk assessment criteria and risk database of this year based on the Company's external market conditions, changes of internal business environment, business development and risk preference. In addition, the management has adopted qualitative and quantitative assessment methods to review the changes in the nature and extent of major risks that the Company is exposed to, analyzed and ranked the identified risks in accordance with the possibility and degree of impact of such risks, combined risk tolerance abilities, weighed the risks and benefits, identified concerns and major risks that require monitoring first, streamlined the current condition of risk control and subsequent response measures and improvement plans, and reported the assessment results to the Audit Committee.

The Audit Committee, on behalf of the Board, has reviewed and assessed the changes in the nature and extent of major risks, and completed the review of risk management system which was considered by it to be effective and adequate. The management will report the control situation of major risks to the Audit Committee through submitting a formal report each year.

Internal Control

CG Services has established an internal control system applicable to the Company by reference to the internal control management framework issued by COSO (Committee of Sponsoring Organizations of the Treadway Commission). The control system includes a mature organization structure that clearly defines the powers and responsibilities of each department to protect assets from improper use, maintain proper accounts and ensure compliance with the rules.

As an important part of risk management, the Company's internal control system is established on the basis of various risks which the Company is exposed to. The management at the headquarter, regional subsidiaries and its various departments has designed and implemented a series of policies and programs for the process related to finance, operation and compliance, and has monitored the implementation and effects of such policies and programs.

In 2019, the management has carried out internal control self-assessment, internal monitoring review and internal audit for eight identified areas and fifty-seven business processes, and formulated improvement plans to address the gaps and weaknesses identified in the process. The internal auditing function of the Company has conducted follow-up reviews periodically to ensure remedial actions are taken on a timely basis, and it has reported the results of follow-up reviews to the Audit Committee.

Summary of the Effectiveness of Review of Risk Management and Internal Control Systems

During the review year, the Board, through the Audit Committee, has conducted a comprehensive review of the risk management and internal control system of the Company, including major risk assessment and internal control review of key business processes in this year. The period of this review covered the fiscal year of 2019 with the scope covering the Company's main business and all of the important control aspects, including financial monitoring, operational monitoring and compliance monitoring, and took into account changes in the nature and severity of major risks, as well as the Company's ability to respond to changes in its business and external environment. The Board considers that the Company has complied with the risk management and internal control provisions set out in the Code of Corporate Governance and that the risk management and internal control systems are effective and adequate.

The Board has reviewed the resources, staff qualifications and experiences of accounting, internal audit and financing reporting functions, and the training programs for staff and the relevant budget, and the processes for relevant financial reporting and compliance with Listing Rules, and considered them effective and adequate.

During the year ended 31 December 2019, the Audit Committee has reviewed reports from the Group's risk management and internal audit department and independent consultants with their findings and recommendations for improvement. The external auditors have also reported any observations they identified in the course of their work to the Group, and are satisfied that there is an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group.

During the year ended 31 December 2019, the Group has implemented procedures and internal controls for the handling and dissemination of inside information. the Group:

- has conducted its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission in June 2012;

- has established its own disclosure obligation procedures, which set out the procedures and controls for the assessment of potential inside information and the handling and dissemination of inside information. The procedures have been communicated to the senior management and staff of the Company, and their implementation was monitored by the Company; and

- has mode broad, non-exclusive disclosure of information to the public through channels such as financial reports, public announcements and its website.

Joint Company Secretaries

The joint company secretaries of the Company are Mr. Huang Peng, Chief Financial Officer of the Company, and Mr. Leung Chong Shun, a practicing solicitor in Hong Kong and external service provider. They have complied with the relevant professional training requirements under Rule 3.29 of the Listing Rules by taking not less than 15 hours of relevant professional training during the Year.

The primary contact person of the Company with Mr. Leung is Ms. Li Lin, the head of the Listing Company Secretariat of the Company.

External Auditor and Auditor's Remuneration

The statement of the external auditor of the Company regarding their reporting responsibilities on the Company's financial statements for the year ended 31 December 2019 is set out in the section headed "**Independent Auditor's Report**" in this Annual Report.

The fees paid to PricewaterhouseCoopers, the Company's auditor, in respect of audit services and non-audit services for the year ended 31 December 2019 are analyzed below:

Type of services provided by the external auditor	Amount (RMB)
— 2019 Interim financial report	
Professional review service	1,500,000.00
— 2019 annual financial statements	
Professional audit service	3,300,000.00
— Non-audit services(1)	1,650,000.00
Total:	6,450,000.00

Note 1:

The fees for non-audit services include corporate governance consultancy services, ESG consultancy services and tax consultancy services related to the application for Hong Kong tax resident identity certificate. The fees are RMB550,000, RMB250,000 and RMB850,000 respectively.

Constitutional Documents

During the year ended 31 December 2019, no amendment was made to the constitutional documents of the Company. A copy of the latest version is available on the websites of the Company (www.bgyfw.com) and the Stock Exchange (www.hkexnews.hk).

Dividend Policy

Pursuant to the Articles of Association of the Company, dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer required. Dividends may also be declared and paid out of the share premium account or any other fund or account which is authorised for this purpose in accordance with the Companies Law. Any declaration of dividends, however, is subject to the Company's results of operations, working capital and cash position, future business and earnings, capital requirements, contractual restrictions, if any, as well as any other factors which the Directors may consider relevant.

In addition, any declaration and payment as well as the amount of the dividends will be subject to the provisions of (i) the Articles of Association of the Company, which require any final dividends to be approved by Shareholders at a general meeting, and (ii) the Cayman Companies Law, which provides that dividends may be paid out of sums standing to the credit of its share premium account provided that immediately following the payment of dividend, the Company shall be able to pay its debts as they fall due in the ordinary course of business. Under applicable PRC law, each of the Company's subsidiaries in the PRC may only distribute after-tax profits after it has made allocations or allowances for recovery of accumulated losses and allocations to the statutory reserves.

Communications with Shareholders and Investors

Communications with Shareholders

The Group recognizes the importance of transparent and timely disclosure of corporate information, which enables Shareholders and investors to make the best investment decision. The Company believes that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company has adopted a Shareholders Communication Policy with an aim of promoting and maintaining an ongoing communication with the Shareholders and investors, under which procedures for Shareholders sending enquiries and concerns to the Board and other policies concerning communication with Shareholders and investors have been established. The policy is available at the Company's website (www.bgyfw.com).

The Company maintains a website (www.bgyfw.com) where information of the Group's businesses and projects, key corporate governance policies and announcements, financial reports and other information are available for public access. Shareholders and investors may send written enquiries or requests to the Company as follows:

Telephone: (852) 3692 5973
Facsimile: 0757-2633 6002
Email: irps@bgyfw.com

General Meetings

General meetings serve as a communication platform where the Board can maintain a face-to-face dialogue with Shareholders and investors. Notice of general meetings together with the shareholder circular and other documents will be sent to Shareholders at least 21 clear days and 20 clear business days before the annual general meeting; and at least 14 clear days and 10 clear business days before the extraordinary general meetings.

The Company holds an annual general meeting every year and may hold a general meeting known as an extraordinary general meeting whenever necessary. The chairman of the respective Board committees, independent non-executive Directors, the company secretary and other external professionals will be present at the general meetings timely to answer questions raised by Shareholders and investors at the meeting.

Shareholders' Rights

To safeguard Shareholders' interests and rights, separate resolutions will be proposed at Shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. Shareholders of the Company may convene extraordinary general meetings or put forward to proposals at Shareholders' meetings as follows:

Convening of Extraordinary General Meeting at the Request of Shareholders

The Board may whenever it thinks fit call an extraordinary general meeting. Any one or more Shareholder(s) holding on the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Putting Forward to Proposals at General Meetings by Shareholders

There are no provisions allowing Shareholders to put forward new resolutions at general meetings under the Companies Laws of Cayman Islands or the Articles of Association. Shareholders who wish to put forward a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

Procedures for Directing Shareholders' Enquiries to the Board

The Company has established various and a wide range of communication channels with Shareholders. These include general meetings, annual and interim results, annual reports and interim reports, notices, announcements and circulars. In addition, the Company updates its website from time to time to keep the Shareholders updated of the Company's recent development. Shareholders may at any time send their enquiries and concerns to the Board in writing, the contact details of which are contained on the Company's website (www.bgyfw.com).

For the avoidance of doubt, Shareholder(s) must provide his/her/their full name(s), contact details and identifications, in the originally signed written requisition, notice or statement (as the case may be), in order to give effect thereto. Information of Shareholder(s) may be disclosed as required by law.

An up-to-date version of the Articles of Association is available on the websites of the Company (www.bgyfw.com) and the Stock Exchange (www.hkexnews.hk). Shareholders may refer to the Articles of Association for further details of the rights of Shareholders.

All resolutions put forward at Shareholders' meetings shall be voted by poll pursuant to the Listing Rules. The poll voting results will be posted on the websites of the Company (www.bgyfw.com) and the Stock Exchange (www.hkexnews.hk) after each of Shareholders' meeting.

The Board is pleased to present the audited consolidated financial statements of the Group for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of property management services, community value-added services and value-added services to non-property owners. An analysis of the Group's revenue for the year ended 31 December 2019 by principal activities is set out in note 5 to the consolidated financial statements of the Group.

RESULTS

The results of the Group for the year ended 31 December 2019 is set out in the consolidated statement of comprehensive income on page 83.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2019 is set out as below:

		Section(s) in this Annual Report	Page No. of the Annual Report
a.	Fair review of the Company's business	Management Discussion and Analysis	14 to 29
b.	Description of the principal risks and uncertainties the Company is facing	Management Discussion and Analysis	14 to 29
c.	Particulars of important events affecting the Company that have occurred since the year ended 31 December 2019	Management Discussion and Analysis, Financial Statements Note 36	68, 150
d.	Indication of likely future development of the Company's business	Management Discussion and Analysis	14 to 29
e.	Analysis using financial key performance indicators	Financial Summary and Management Discussion and Analysis	13 and 14 to 29
f.	Discussion on the Company's environmental policies and performance	Company's environmental policies and performance is described in the "Country Garden Services Sustainability Report 2019" (a standalone report)	Not applicable
g.	An account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company and on whom the Company's success depend	Management Discussion and Analysis and Report of the Directors	14 to 29 and 57 to 58
h.	Discussion on the Company's compliance with the relevant laws and regulations that have a significant impact on the Company	Corporate Governance Report and Report of the Directors	37 to 54 and 55 to 76

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of RMB15.14 cents per share in the form of cash (2018: RMB8.49 cents per share) for the year ended 31 December 2019 to Eligible Shareholders.

The proposed final dividend shall be declared in RMB and paid in Hong Kong dollars. The final dividend payable in Hong Kong dollars will be converted from RMB at the central parity rate of RMB to Hong Kong dollars as announced by the People's Bank of China for the period from Thursday, 18 June 2020 to Wednesday, 24 June 2020. It is expected that the final dividend warrants will be despatched to the eligible shareholders on or around Thursday, 6 August 2020.

SHARE CAPITAL

Details of the issued shares of the Company during the year ended 31 December 2019 are set out in note 23 to the consolidated financial statements of the Group.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the year ended 31 December 2019 are set out in note 14 to the consolidated financial statements of the Group.

INTANGIBLE ASSETS

Details of the movements in intangible assets of the Group for the year ended 31 December 2019 are set out in note 16 to the consolidated financial statements.

BORROWINGS

The Group had no borrowing during the year ended 31 December 2019.

EQUITY LINKED AGREEMENT

Save as disclosed in the section headed "**Pre-listing Share Option Scheme**", no equity linked agreements were entered into during or subsisted at the end of the year or during the year ended 31 December 2019.

LISTING OF THE COMPANY

The Company was originally owned by CGH. In March 2018, CGH submitted a proposal to the Stock Exchange in accordance with Practice Note 15 of the Listing Rules Governing the Listing of Securities to spin-off the Company for a separate listing by way of introduction. The proposal was approved by the Stock Exchange in June 2018.

In March 2018, the Company submitted a listing application form (Form A1) to and was subsequently approved by the Stock Exchange to list by way of introduction of and permission to deal in the ordinary shares of par value US$0.0001 each in the share capital of the Company "**CG Services**" on the Main Board.

The spin-off and separate listing of the Company was implemented by distribution in specie as a special interim dividend by CGH to its Eligible shareholders on basis of 8.7 shares of CGH for every 1 share of the Company held as at 13 June 2018. Upon completion of the distribution, the Company became publicly listed on the Main Board with stock code: 6098 on 19 June 2018.

Thereafter, CGH has retained no interest in the issued share capital of the Company and the Company is no longer a subsidiary under CGH.

DONATIONS

The total donations made by the Group during the year ended 31 December 2019 amounted to approximately RMB443,000 (2018: approximately RMB48,000).

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

During the Year, CGH was a fellow subsidiary of the Company and, according to the disclosing of interests form, Mr. Yang Zhicheng had interest in share options to subscribe for a total number of 7,141,625 shares of CGH under the share option schemes of CGH.

Save as disclosed above and in the section headed "**Pre-listing Share Option Scheme**", at no time during the year ended 31 December 2019 was the Company, any of its subsidiaries, fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other companies.

DISTRIBUTABLE RESERVES

As at 31 December 2019, the distributable reserve of the Company amounted to approximately RMB418,629,000 (2018: approximately RMB231,574,000).

Details of the movements in reserves of the Company during the year ended 31 December 2019 are set out in note 34 to the consolidated financial statements of the Group.

DETAILS OF FUTURE PLANS FOR SIGNIFICANT INVESTMENTS OR PURCHASING CAPITAL ASSETS OF THE GROUP AND THEIR EXPECTED SOURCE OF FUNDING IN THE COMING YEAR

The company will plan for significant investments according to the strategic objectives and business requirements.

FINANCIAL SUMMARY

A financial summary of the Group is set out on page 13 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2019, revenue attributable to the largest customer of the Group amounted to approximately 13.22% of the total revenue of the year and the five largest customers of the Group accounted for less than 30% of the Group's revenue of the year.

For the year ended 31 December 2019, purchases from the largest supplier of the Group amounted to approximately 2.67% of the total purchases in the year and the five largest suppliers of the Group accounted for less than 30% of the Group's purchases in the year.

DIRECTORS' AND SHAREHOLDERS' INTERESTS IN SUPPLIERS AND CUSTOMERS OF THE GROUP

As at 31 December 2019, Ms. Yang Huiyan, our ultimate controlling shareholder and non-executive Director, was interested in 57.68% of issued shares of CGH. CGH Group is one of the Group's five largest customers.

Save as disclosed above, none of the Directors or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued shares of the Company) had any direct or indirect interests in the Group's five largest customers or suppliers.

DIRECTORS

The Directors during the year ended 31 December 2019 and up to the date of this report are:

Non-executive Directors

Ms. Yang Huiyan *(Chairman)*
Mr. Yang Zhicheng
Ms. Wu Bijun

Executive Directors

Mr. Li Changjiang *(President)*
Mr. Xiao Hua
Mr. Guo Zhanjun

Independent Non-executive Directors

Mr. Mei Wenjue
Mr. Rui Meng
Mr. Chen Weiru

In accordance with article 84(1) of the Articles of Association, Mr. Guo Zhanjun, Mr. Rui Meng and Mr. Chen Weiru shall retire from office by rotation and, being eligible, offer themselves for re-election at the 2020 AGM.

No Director proposed for re-election at the 2020 AGM has entered into a service contract with the Company or any of its subsidiaries which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

Each of the Director has entered into a service contract (for executive Directors and non-executive Directors) or signed an appointment letter (for independent non-executive Directors) with the Company for a term of three years with effect from 19 June 2018 (date of listing of the Company's shares on Hong Kong Stock Exchange).

The service contracts of the executive Directors and the non-executive Directors may be terminated by the Director himself with no less than thirty days' written notice, and the appointment letter of the independent non-executive Directors may be terminated by the Company or the Director himself with at least three months' prior written notice to the other party.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed under the paragraphs headed "**Connected Transactions**" and "**Continuing Connected Transactions**", no other transactions, arrangements or contracts that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had, directly or indirectly, a material interest subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts other than employment contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2019.

INTERESTS OF DIRECTORS AND THEIR ASSOCIATES IN COMPETING BUSINESS

During the year ended 31 December 2019, none of the Directors or any of their respective associates (as defined in the Listing Rules) was considered to be interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

COMPLIANCE WITH THE DEED OF NON-COMPETITION

On 29 May 2018, Ms. Yang Huiyan, the controlling shareholder, has entered into a Deed of Non-competition in favour of the Company.

Ms. Yang Huiyan has undertaken to us in the Deed of Non-Competition that she will not, and will procure her close associates (as defined under the Listing Rules and excluding CGH and the CGH Group) not to directly or indirectly be involved in or undertake any business (other than the Group's business) that directly or indirectly competes, or may compete, with the Group's business, which includes providing property management services, community value-added services, value-added services to non-property owners, and other services form an integrated service offering to the customers and cover the entire value chain of property management (collectively referred to as the "**Restricted Activities**"), or hold shares or interest in any companies or business that compete directly or indirectly with the business engaged by the Group from time to time except where our controlling shareholders and their close associates hold less than 5% of the total issued share capital of any company (whose shares are listed on the Stock Exchange or any other stock exchange) which is engaged in any business that is or may be in competition with any business engaged by any member of the Group and they do not control 10% or more of the composition of the board of directors of such company.

For details of the Deed of Non-competition, please refer to the section entitled "**Relationship with our Controlling Shareholders**" in the listing documents of the Company dated 6 June 2018.

The controlling shareholder, Ms. Yang Huiyan has provided the Company with a written confirmation dated on 11 March 2020 pursuant to which Ms. Yang Huiyan confirms that, during the year ended 31 December 2019 she and her close associates have fully complied with all terms and provisions of the Deed of Non-competition.

PERMITTED INDEMNITY PROVISION

The Articles of Association provide that every Director for the time being acting in relation to any of the affairs of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts. However, this indemnity does not extend to any matter in respect of any fraud or dishonesty which may attach to any of the said persons.

During the year ended 31 December 2019, the Company has taken out insurance for directors and senior management to provide appropriate protection for the Directors and senior management of the Company.

The permitted indemnity provision was in force during the year ended 31 December 2019 for the benefit of the Directors.

DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and senior management, together with those of the five highest paid individuals of the Group for the year ended 31 December 2019 are set out in note 35 and note 9(a) to the consolidated financial statements of the Group.

The remuneration packages of individual Directors (including salaries and other benefits) is recommended by the remuneration committee of the Company for the Board's approval, having regard to the Group's results, Directors' performance, duties, etc.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in note 9 to the consolidated financial statements.

CONNECTED TRANSACTION

On 19 March 2019, CG Life Services (as purchaser) entered into an equity transfer agreement with Mr. Liu Gang (as vendor), pursuant to which the purchaser has conditionally agreed to purchase and the vendor has conditionally agreed to sell the 30% equity interest in Beijing Shengshi Property Services Co., Ltd (北京盛世物業服務有限公司) ("**Beijing Shengshi**") at the consideration of RMB90,000,000 (equivalent to approximately HK$105,303,802).

As Mr. Liu Gang is a substantial shareholder of Beijing Shengshi, which is a non-wholly owned subsidiary of the Company, Mr. Liu Gang is a connected person at the subsidiary level of the Company. Therefore, the acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

On 26 November 2018, CG Life Services has acquired 70% equity interest in Beijing Shengshi (for details, please refer to the announcement of the Company dated 26 November 2018). As both acquisitions involve the acquisition of equity interest in Beijing Shengshi and were entered into within a 12-month period, the acquisitions are required to be aggregated together for the purpose of calculating the applicable percentage ratios (as defined under the Listing Rules). As one or more of such applicable percentage ratios of the acquisitions in aggregate exceed 5% but all are below 25%, the acquisitions in aggregate constitute a discloseable transaction of the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Further details of the acquisition were disclosed in the announcement of the Company dated 19 March 2019.

CONTINUING CONNECTED TRANSACTIONS

Continuing Connected Transaction with Bright Scholar Group

On 22 August 2018, the Company entered into a property management services framework agreement (the "**Property Management Services Framework Agreement**") with Bright Scholar, which sets out the principal terms for the provision of property management services by the Group to Bright Scholar Group in respect of the school campuses and dormitories of Bright Scholar Group, for a term commencing on 22 August 2018 until 31 December 2020. The annual caps (excluding tax) of the transactions contemplated under the Property Management Services Framework Agreement for the three years ended 31 December 2020 are RMB7.6 million, RMB20 million and RMB40 million, respectively.

Bright Scholar is an indirect majority-controlled company of Ms. Yang Meirong, who is an aunt of Ms. Yang Huiyan, a non-executive Director and a substantial shareholder of the Company. As such, Bright Scholar is a connected person of the Company and the Property Management Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) exceed 0.1% but are all below 5%, the Property Management Services Framework Agreement and the transactions contemplated thereunder are subject to reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Further details of such agreement were disclosed in the announcement of the Company dated 22 August 2018.

For the year ended 31 December 2019, a total amount of RMB5.522 million was paid by Bright Scholar Group to the Group under the Property Management Services Framework Agreement, and the amount did not exceed the annual cap of RMB20 million.

Continuing Connected Transactions with CGH

Since CGH is a company 30%-controlled and indirectly held by Ms. Yang Huiyan, a non-executive Director and the controlling shareholder of the Company, CGH is an associate of Ms. Yang Huiyan and thus a connected person of the Company. Transactions entered into between the Company and CGH therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

1. Trademark Licencing Arrangement

On 1 June 2018, a trademark licencing agreement was entered into between our Company and Shunbi Property and a deed of trademark licencing was entered into between the Company and CGH (the "**Trademark Licencing Arrangement**"), pursuant to which Shunbi Property agreed and CGH would procure Shunbi Property to irrevocably and unconditionally grant to the Group a non-transferable licence to use several trademarks registered in the PRC and Hong Kong for a perpetual term commencing from the date of the trademark licencing agreement and the deed of trademark licencing, which is subject to the renewal of the licenced trademarks, on a royalty-free basis.

Details of the licenced trademarks are set forth in the section entitled "**Appendix VI — General Information — B. Further Information about the Business of our Company — 2. Intellectual Property Rights of our Group**" in the listing documents dated 6 June 2018.

The Directors believe that the entering into of the Trademark Licencing Arrangement with a term of over three years can ensure the stability of our operations, and is beneficial to the Company and the shareholders as a whole.

Shunbi Property, as the registered proprietor of the licenced trademarks, is an indirect wholly-owned subsidiary of CGH. CGH is an associate of Ms. Yang Huiyan, a non-executive director and a controlling shareholder of the Company, and therefore Shunbi Property is a connected person of our Company in accordance with the Listing Rules. Accordingly, the transactions under the Trademark Licencing Arrangement constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

As the rights to use the licenced trademark are granted to the Company on a royalty-free basis, the transactions under the Trademark Licencing Arrangement would be within the de minimus threshold provided under Rule 14A.76 of the Listing Rules and would be exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Master Property Lease Agreement

On 1 June 2018, the Company entered into a master property lease agreement with CGH (the "**Master Property Lease Agreement**"), pursuant to which the Company may lease the offices, community service centres, etc. of CGH Group, and the Master Property Lease Agreement has a term commencing from the Listing Date until 31 December 2020.

The Directors estimate that the maximum annual fee payable by us under the Master Property Lease Agreement for each of the three years ended 31 December 2020 will not exceed RMB1.1 million, RMB1.6 million and RMB2.2 million, respectively.

As each of the applicable percentage ratios under the Listing Rules in respect of the annual caps in relation to the Master Property Lease Agreement is expected to be less than 5% and the total consideration is less than HK$3,000,000 per annum, the transactions under the Master Property Leasing Arrangement will be exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For details of the agreement, please refer to the section entitled "**Relationship with our Controlling Shareholders**" in the listing documents of the Company dated 6 June 2018.

In light of the business development of the Group, it is expected that existing annual caps will be insufficient to cover the expected transaction amounts accounted for the lease of the offices, community service centres, etc. of CGH Group for each of the three years ended 31 December 2020. Therefore, the Group entered into a supplementary agreement with CGH on 14 December 2018, pursuant to which both parties agreed to amend the annual caps to RMB1.36 million, RMB1.8 million and RMB2.2 million, respectively. During the year ended 31 December 2019, the total amount spent by the Company for the lease of the offices, community service centres, etc. of the CGH Group was RMB1.335 million, which did not exceed the annual cap of RMB1.8 million.

3. Master Hotel Services Agreement

On 1 June 2018, the Company entered into a hotel services framework agreement (the "**Master Hotel Services Agreement**") with CGH for a term commencing from the Listing Date until 31 December 2020.

The Directors estimate that the maximum annual fee payable by us in relation to the hotel services under the Master Hotel Services Agreement for each of the three years ended 31 December 2020 will not exceed RMB4.1 million, RMB4.9 million and RMB5.8 million, respectively.

As each of the applicable percentage ratios under the Listing Rules in respect of the aggregated annual caps in relation to the hotel services is expected to be less than 25% and the total consideration is less than HK$10,000,000 per annum, the transactions under the Master Hotel Services Agreement will be exempt from the independent shareholders' approval requirement but subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

For details of the agreement, please refer to the section entitled "**Relationship with our Controlling Shareholders**" in the listing documents of the Company dated 6 June 2018.

During the year ended 31 December 2019, the total amount of hotel services provided by the CGH Group to the Group was RMB3.816 million, which did not exceeded the annual cap of RMB4.9 million.

4. Master Engineering and Transportation Services Agreement

On 1 June 2018, the Company entered into a master engineering and transportation services agreement (the "**Master Engineering and Transportation Services Agreement**") with CGH for a term commencing from the Listing Date until 31 December 2020. It is expected that the maximum annual fee payable in relation to the engineering and transportation services under the Engineering and Transportation Services Framework Agreement for each of the three years ended 31 December 2020 will not exceed RMB35.7 million, RMB41.1 million and RMB48.3 million, respectively.

As each of the applicable percentage ratios under the Listing Rules in respect of the aggregated annual caps in relation to the engineering and transportation services, is expected to be less than 5%, the transactions under the Master Engineering and Transportation Services Agreement will be exempted from the independent shareholders' approval requirement but subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

For details of the agreement, please refer to the section entitled "**Relationship with our Controlling Shareholders**" in the listing documents of the Company dated 6 June 2018.

For each of the two years ended 31 December 2017 and the seven months ended 31 July 2018, the expenses payable to the CGH Group by our Group for the engineering and transportation services amounted to approximately RMB38.9 million, RMB31.3 million and RMB23.7 million, respectively.

In light of the business development of the Group, it is expected that existing annual caps will be insufficient to cover the expected transaction amounts spent for the engineering and transportation services for each of the three years ended 31 December 2020. Therefore, the Group entered into a supplementary agreement with the CGH Group on 18 September 2018, pursuant to which both parties agreed to amend annual caps to RMB54 million, RMB76.8 million and RMB79 million, respectively.

During the year ended 31 December 2019, the total amount of engineering and transportation services provided by the CGH Group to our Group was RMB33.683 million, which did not exceed the annual cap of RMB76.8 million.

As one or more of the applicable percentage ratios calculated based on the highest revised annual cap exceed 0.1% but all of them are less than 5%, thus the supplementary agreement and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules, but are exempted from the independent shareholders' approval requirements.

For details of the supplementary agreement, please refer to the announcement of the Company dated 18 September 2018.

5. Water Supply Services Agreement

On 1 June 2018, the Company entered into a water supply services agreement (the **"Water Supply Services Agreement**") with Zengcheng Qingyuan* (增城清源) for a term commencing from the Listing Date until 31 December 2020.

Zengcheng Qingyuan is 99% indirectly owned as to by Xizang Shengda Investment Centre (Limited Partnership)* (西藏聖達投資中心(有限合夥)), which is controlled by Ms. Yang Meirong (楊美容) (an aunt of Ms. Yang Huiyan, one of the controlling shareholders of the Company). Ms. Yang Meirong is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Water Supply Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

The Directors estimate that the annual fee payable in relation to the water supply services under the Water Supply Services Agreement for each of the three years ended 31 December 2020 will not exceed RMB3.6 million, RMB4.2 million and RMB4.2 million, respectively.

As each of the applicable percentage ratios under the Listing Rules in respect of the aggregated annual caps in relation to the water supply services is expected to be less than 25% and the total consideration is less than HK$10,000,000 per annum, the transactions under the Water Supply Services Agreement will be exempted from the independent shareholders' approval requirement but subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

For details of the agreement, please refer to the section entitled "**Relationship with our Controlling Shareholders**" in the listing documents of the Company dated 6 June 2018.

During the year ended 31 December 2019, the total amount of water supply services provided by Zengcheng Qingyuan to our Group was RMB3.635 million, which did not exceed the annual cap of RMB4.2 million.

6. Master CGH Property Management Services Agreement

On 1 June 2018, the Company entered into a property management services framework agreement (the "**Master CGH Property Management Services Agreement**") with CGH, which sets out the terms between the CGH Group and the Group on the property management services fee in respect of the unsold property units and the sold property units prior to the agreed delivery date set out on the property purchase contract for projects developed by the CGH Group and managed by the Company (the "**CGH Property Management Services**"), for a term commencing from the Listing Date until 31 December 2020.

The Directors estimate that the maximum annual fee payable by the CGH Group in relation to the CGH Property Management Services for each of the three years ended 31 December 2020 will not exceed RMB289.6 million, RMB355.3 million and RMB478.1 million, respectively.

As one or more of the applicable percentage ratios under the Listing Rules in respect of the aggregated annual caps in relation to the Master CGH Property Management Services Agreement are expected to be more than 5% on an annual basis, the transactions under the Master CGH Property Management Services Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For details of the agreement, please refer to the section headed "**Relationship with our Controlling Shareholders**" of the listing documents of the Company dated 6 June 2018.

During the year ended 31 December 2019, the total property management service fee paid by the CGH Group to the Company was RMB285.663 million, which did not exceed the annual cap of RMB355.3 million.

7. Master Consultancy and Other Services Agreement

On 1 June 2018, the Company entered into a consultancy and other services framework agreement (the "**Master Consultancy and Other Services Agreement**") with CGH, for a term commencing from the Listing Date until 31 December 2020, pursuant to which our Group agreed to provide consultancy services in relation to sales of properties and other services, including but not limited to consultancy services on the operational management of the sales offices of the CGH Group, and cleaning services for the properties developed by the CGH Group before delivery to homeowners (the "**Consultancy and Other Services**").

The Directors expect that the maximum annual fee payable in relation to the services to be provided by our Group under the Master Consultancy and Other Services Agreement for each of the three years ended 31 December 2020 will not exceed RMB395.6 million, RMB600.6 million and RMB882.3 million, respectively.

As one or more of the applicable percentage ratios for the Master Consultancy and Other Services Agreement is expected to be more than 5% on an annual basis, the transactions under the Master Consultancy and Other Services Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For details of the agreement, please refer to the section headed "**Relationship with Our Controlling Shareholders**" in the listing documents of the Company dated 6 June 2018.

For each of the two years ended 31 December 2017 and the seven months ended 31 July 2018, the amounts payable by the CGH Group to the Group for the consultancy and other services were approximately RMB162 million, RMB228.1 million and RMB286 million, respectively.

In light of business development of the Group, it is expected that the existing annual caps are insufficient to cover the expected transaction amounts under the consultancy and other services for each of the three years ended 31 December 2020. As such, the Group entered into a supplemental agreement with CGH on 18 September 2018, pursuant to which both parties agreed to revise the annual caps to RMB633.11 million, RMB897.93 million and RMB1,007.42 million, respectively.

During the year ended 31 December 2019, the aggregate amount of consultancy and other services paid by the CGH Group to the Company was RMB819.388 million, which did not exceed the cap of RMB897.93 million.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated based on the highest revised annual cap exceed 5%, the supplemental agreement and the transactions contemplated thereunder are subject to reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For details of the supplemental agreement, please refer to the announcement of the Company dated 18 September 2018 and the circular of the Company dated 2 November 2018. The supplemental agreement and the transactions contemplated thereunder, including the revised annual caps, were formally approved by the independent shareholders of the Company at the extraordinary general meeting held on 22 November 2018.

8. Sales and Leasing Agency Services Framework Agreement

On 18 September 2018, the Company entered into a Sales and Leasing Agency Services Framework Agreement (the "**Sales and Leasing Agency Services Framework Agreement**") with CGH in relation to our Group's provision of sales and leasing agency services to the CGH Group in respect of unsold parking spaces and provision of sales agency services in respect of unsold property units of projects under the CGH Group, for a term commencing on 18 September 2018 until 31 December 2020. The annual caps of transactions contemplated under the Sales and Leasing Agency Services Framework Agreement for each of the three years ended 31 December 2020 are RMB120 million, RMB380 million and RMB450 million, respectively.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated based on the highest annual cap exceed 5%, the Sales and Leasing Agency Services Framework Agreement and the transactions contemplated thereunder are subject to reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The details of the agreement were disclosed in the announcement of the Company dated 18 September 2018 and the circular of the Company dated 2 November 2018, and the agreement has been formally approved by the independent shareholders of the Company at the extraordinary general meeting held on 22 November 2018.

During the year ended 31 December 2019, the total amount for the sales and leasing agency services paid to the Company by the CGH Group was RMB184.906 million, which did not exceed the cap of RMB380 million.

9. Advertising and Domestic Services Framework Agreement

On 23 August 2019, the Company entered into an advertising and domestic services framework agreement (the "**Advertising and Domestic Services Framework Agreement**") with CGH, which sets out the principal terms for the provision of services by our Group, including but not limited to the advertising services (which comprise installation, maintenance and dismantling services in relation to advertisements to be displayed at certain advertising spaces located in the common areas of the property projects managed by the Group (the "**Advertising Services**") and the domestic services (including home cleaning, household appliances cleaning, garden maintenance, home maintenance and other domestic services to the purchasers of property units of CGH Group (the "**Domestic Services**"), run by the Group to CGH Group for a term commencing on 23 August 2019 until 31 December 2020. The annual caps for transactions of the Advertising Services contemplated under the Advertising and Domestic Services Framework Agreement are RMB2 million and RMB4 million respectively for the two years ending 31 December 2020, whereas the annual caps for transactions of the Domestic Services contemplated under the Advertising and Domestic Services Framework Agreement are RMB9 million and RMB18 million respectively.

The applicable percentage ratios under the Listing Rules in respect of the highest annual cap of the Advertising Services, when calculated on a standalone basis, are all less than 0.1%; while one or more of the applicable percentage ratios in respect of the highest annual cap of the Domestic Services, when calculated on a standalone basis, exceed 0.1% but all of them are below 5%. Whereas if the Advertising Services, the Domestic Services and the Consultancy and Other Services are required to be aggregated together pursuant to Rule 14A.84 of the Listing Rules, one or more of the applicable percentage ratios would exceed 5%. Nonetheless, as (i) the Company had already complied with all the connected transactions requirements (including independent shareholders' approval requirement) for the Consultancy and Other Services for the three years ending 31 December 2020 (for details, please refer to the announcement of the Company dated 18 September 2018 and the circular of the Company dated 5 November 2018) and the Company is thus not required to aggregate the Advertising Services and the Domestic Services with those Consultancy and Other Services; and (ii) one or more of the applicable percentage ratios for the annual caps of the Domestic Services and the Advertising Services (when aggregated together) would exceed 0.1% but all of them would be less than 5%, the Advertising and Domestic Services Framework Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempted from the requirement of independent shareholders' approval under Chapter 14A of the Listing Rules.

Further details of such agreement were disclosed in the announcement of the Company dated 23 August 2019.

During the year ended 31 December 2019, the fees paid by the CGH Group to the Company for the Advertising Services and Domestic Services were RMB0.869 million and RMB4.863 million respectively, which were below their respective annual cap of RMB2 million and RMB9 million.

10. Merchandise Procurement Framework Agreement

On 23 August 2019, the Company entered into a merchandise procurement framework agreement (the "**Merchandise Procurement Framework Agreement**") with CGH, which sets out the principal terms for the sale of various kinds of goods, including but not limited to home appliances and food products, by the Group to CGH Group for a term commencing on 23 August 2019 until 31 December 2020. The annual caps for transactions contemplated under the Merchandise Procurement Framework Agreement are RMB25 million and RMB50 million respectively for the two years ending 31 December 2020.

As one or more of the applicable percentage ratios under the Listing Rules calculated based on the highest annual cap exceeds 0.1% but all of them are less than 5%, the Merchandise Procurement Framework Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the requirement of independent shareholders' approval under Chapter 14A of the Listing Rules.

Further details of such agreement were disclosed in the announcement of the Company dated 23 August 2019.

During the year ended 31 December 2019, the merchandise procurement fee paid by the CGH Group to the Company was RMB16.074 million, which was below the cap of RMB25 million.

REVIEW AND APPROVAL OF CONTINUING CONNECTED TRANSACTIONS BY INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to Rule 14A.55 of the Listing Rules, all independent non-executive Directors have reviewed the continuing connected transactions and confirmed that the continuing connected transactions have been entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms or better or, if there were not sufficient comparable transactions to judge whether they were on normal commercial terms or better, on terms no less favorable to the Group than terms available to or from independent third parties; and

(3) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders as a whole.

REVIEW AND APPROVAL OF CONTINUING CONNECTED TRANSACTIONS BY AUDITORS

In accordance with Rule 14A.56 of the Listing Rules, the Company's external auditor, PricewaterhouseCoopers, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions to be disclosed by the Group as below:

(1) nothing has come to his attention that causes him to believe that the disclosed continuing connected transactions have not been approved by the Company's Board of Directors;

(2) for transactions involving the provision of services by the Group, nothing has come to his attention that causes him to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(3) nothing has come to his attention that causes him to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(4) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to his attention that causes him to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

A copy of the auditor's letter has been delivered by the Company to the Stock Exchange.

OTHERS

The continuing connected transactions disclosed above also constitute related party transactions under the Hong Kong Financial Reporting Standards. A summary of significant related party transactions made for the year ended 31 December 2019 is disclosed in note 33 to the financial statements.

Certain items under note 33 to the financial statements also constitute connected/continuing connected transactions as defined in Chapter 14A of the Listing Rules.

The Board confirms that the Company has complied with the disclosure requirements as required by the Listing Rules in relation to the aforementioned connected transactions/continuing connected transactions.

TRANSACTION ENTERED INTO SUBSEQUENT TO THE REPORTING PERIOD

On 18 March 2020, the Company entered into an elevators installation and other services framework agreement (the "**Elevators Installation and Other Services Framework Agreement**") with CGH, which sets out the principal terms for the provision of elevators products installation and supporting services and other services (the "**Elevators Installation and Other Services**") by the Group to the CGH Group for a term commencing on 18 March 2020 until 31 December 2020. The annual cap for the transactions of the Elevators Installation and Other Services is RMB460 million for the year ending 31 December 2020.

All the applicable percentage ratios (as defined under the Listing Rules) calculated based on such annual cap (when calculated on a standalone basis or when aggregated with the Domestic Services and the Advertising Services) exceeds 0.1% but less than 5%. Therefore, the Elevators Installation and Other Services Framework Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the requirement of independent shareholders' approval under Chapter 14A of the Listing Rules.

Further details of such agreement were disclosed in the announcement of the Company dated 18 March 2020.

EVENT SUBSEQUENT TO THE REPORT PERIOD

In April 2020, after obtaining approval from relevant authorities, the company name of Country Garden Intelligent Services Group Co. Ltd.*, a subsidiary of the Company, was changed to Country Garden Life Services Group Co. Ltd.*.

DISCLOSURE PURSUANT TO RULE 14.36B OF THE LISTING RULES

1. Acquisition of Nanchang Jiejia Property

On 26 November 2018, CG Life Services (as purchaser) entered into the equity transfer agreements with Ms. Shi Xiaoqin ("**Ms. Shi**"), Paladin Capital Management Ltd. and/or Shenzhen Paladin 5th Equity Investment Partnership (Limited Partnership) (as vendors) to purchase (i) 70% of the equity interest in Beijing Shengshi; (ii) 100% of the equity interest in Chengdu Jiaxiang Property Management Co., Ltd.; (iii) 100% of the total equity interest in Chengdu Qinghua Yijia Property Management Co., Ltd.; (iv) 100% of the equity interest in Nanchang Jiejia Property Co., Ltd. ("**Nanchang Jiejia Property**"); and (v) 100% of the equity interest in Shanghai Ruijing Industrial Co., Ltd. For details of the acquisition, please refer to the announcement of the Company dated 26 November 2018.

Pursuant to the equity transfer agreement entered into between CG Life Services (as purchaser) and Ms. Shi (as vendor) in respect of the sale and purchase of 30% of the total equity interest in Nanchang Jiejia Property, CG Life Services shall pay a total of not more than RMB18,000,000 to Ms. Shi as valuation adjustment (before tax) depending on the fulfillment of the performance targets. Ms. Shi and Nanchang Jiejia Property jointly undertook to CG Life Services that the performance targets set out in the table below will be achieved by Nanchang Jiejia Property for the two financial years ending 31 December 2020:

Unit: RMB0'000

Financial year	Minimum audited revenue for the year	Minimum accumulated audited revenue since 2019	Increase in revenue for the year	Cumulative increase in accumulated audited revenue since 2019
2019	12,000	12,000	2,000	2,000
2020	14,400	26,400	4,400	6,400

If the accumulated audited revenue of Nanchang Jiejia Property for the two financial years ending 31 December 2020 amounts to RMB264 million or more, CG Life Services shall pay a total of RMB18 million to Ms. Shi as valuation adjustment (before tax).

If the increase in audited revenue of Nanchang Jiejia Property in any of the two financial years ending 31 December 2020 is less than the above performance targets, the amount of value adjustment payable to Ms. Shi shall be proportionally reduced.

In addition, in respect of any amount of the revenue of Nanchang Jiejia Property exceeding the above targeted amount in any of the two financial years ending 31 December 2020, CG Life Services shall pay a sum equal to 2% of such amount in excess to Ms. Shi as bonus.

Based on the audited consolidated accounts of Nanchang Jiejia Property prepared in accordance with the HKFRSs for the financial year ended 31 December 2019, the audited revenue for the year ended 31 December 2019 was approximately RMB80,091,911.80, which is less than the above performance target. Accordingly, CG Life Services does not have to pay the bonus to Ms. Shi.

2. Acquisition of a group of property management companies

On 10 July 2019, United Gain (a wholly-owned subsidiary of the Company) (as purchaser) entered into an agreement with Hopefluent (BVI) Limited ("**Hopefluent**", as vendor) to purchase 100% equity interest in Sino Estate Holdings Limited ("**Sino Estate Holdings**", and together with its subsidiaries, "**Sino Estate Holdings Group**").

On 10 July 2019, CG Life Services (a wholly-owned subsidiary of the Company) (as purchaser) entered into an agreement with Guangzhou YingFeng Information Technology Co., Ltd., Shanghai YiLiu Information Technology Co., Ltd. and Guangzhou Gaoyi Advisory Co., Limited (collectively, the "**Second Vendors**") to purchase a total of 5.5% equity interest in Asia Asset Real Estate Services (China) Co., Ltd. ("**Asia Asset Real Estate Services (China)**").

On 10 July 2019, CG Life Services (as purchaser) also entered into an agreement with Guangzhou Yinglong Information Technology Co., Ltd. ("**Guangzhou YingLong**", as vendor) to purchase 9% equity interest in Asia Asset Real Estate Services (China).

For details of the acquisitions, please refer to the announcement of the Company dated 10 July 2019.

Hopefluent undertakes to United Gain that for each of the financial year ending 31 December 2021 ("**Valuation Adjustment Period**"), the average yearly growth of the chargeable site area under the management of the Sino Estate Holdings Group shall not be less than 10%. The performance target in respect of chargeable site area to be achieved by the Sino Estate Holdings Group during the Valuation Adjustment Period are as follows:

Financial year	Chargeable site area as at 31 December of the relevant financial year (square metres)	Targeted net increase in chargeable site area (compared with 2018) (thousand square metres)
2019	14,815,000	1,346.8
2020	16,296,500	2,828.3
2021	17,926,200	4,458.0

Subject to the extent to which the above performance targets are achieved, United Gain shall pay a maximum amount of HK$107,527,365 as valuation adjustment to Hopefluent in three instalments of HK$35,842,455 each, each instalment payable within one month after the end of each financial year during the Valuation Adjustment Period.

The Second Vendors and Guangzhou YingLong also undertake to CG Life Services in respect of the performance target of the chargeable site area under the management of Asia Asset Real Estate Services (China) throughout the Valuation Adjustment Period same as those set out in the table above.

Subject to the extent to which the above performance targets are achieved by the Sino Estate Holdings Group, CG Life Services shall pay (i) a maximum amount of RMB6,105,000 as valuation adjustment to the Second Vendors in three equal instalments of RMB2,035,000 each, each instalment payable within one month after the end of each financial year during the Valuation Adjustment Period; and (ii) a maximum amount of RMB15,390,000 as valuation adjustment to Guangzhou YingLong in four instalments, with the first three instalments of RMB3,330,000 each payable within one month after the end of each financial year during the Valuation Adjustment Period and the last instalment of RMB5,400,000 payable within one month after the end of the Valuation Adjustment Period.

The chargeable site area of Sino Estate Holdings Group as at 31 December 2019 was 14,942,600 square metres, which is more than the targeted value of the chargeable site area as set out in the table above. Accordingly, as of the date of this report, United Gain has paid HK$35,842,455 as valuation adjustment to Hopefluent, while CG Life Services has paid the second vendor and Guangzhou YingLong RMB2,035,000 and RMB3,330,000 as valuation adjustment respectively.

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

As at 31 December 2019, the interests and short positions of the Directors and chief executives of the Company in the shares of the Company, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of 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

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 2019	Number of debentures held
Ms.Yang Huiyan	Interest of controlled corporations	1,451,120,428(1)	–	1,451,120,428	53.53%	–
Ms. Wu Bijun	Beneficial owner	5,418,790(3)(4)	7,778,400(2)	13,197,190	0.49%	–
Mr. Li Changjiang	Beneficial owner	5,185,600(3)	7,778,400(2)	12,964,000	0.48%	–
Mr. Xiao Hua	Beneficial owner	1,904,837(3)(5)	2,857,200(2)	4,762,037	0.18%	–
Mr. Guo Zhanjun	Beneficial owner	1,879,600(3)	2,819,400(2)	4,699,000	0.17%	–

Notes:

(1) As at 31 December 2019, Concrete Win and 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.

(2) The relevant interests are unlisted physically settled options granted pursuant to the Company's Pre-Listing Share Option Scheme. Upon exercise of the share options in accordance with the Pre-Listing Share Option Scheme, the corresponding number of ordinary Shares of HK$0.94 each shall be issued by the Company. The share options are personal to the relevant Directors.

(3) Shares were allotted and issued by the Company on 14 November 2019 pursuant to the exercise of share options granted under the Pre-Listing Share Option Scheme by the grantees.

(4) 56,190 Shares were 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 of the Company on the Main Board of the Stock Exchange and 177,000 Shares were purchased by Ms.Wu Bijun from the secondary market.

(5) 37 Shares were distributed to Mr. Xiao Hua by virtue of the shares of CGH held by him 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 31 December 2019, 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 2019, as set out in the register kept under Section 336 of the SFO, the following companies and persons (other than the Directors and chief executives of the Company) had interest or short position in the Shares and underlying shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Capacity	Number of Shares held or interested	Approximate % of interest in the total number of Shares in issue
Concrete Win	Beneficial owner	1,326,120,428 (L)	48.92%
Mr. Chen Chong[(1)]	Interest of spouse	1,451,120,428 (L)	53.53%
JP Morgan Chase & Co.[(2)]	Interest of controlled corporation	14,428,640 (L)	0.53%
		5,258,724 (S)	0.19%
	Investment manager	39,664,141 (L)	1.46%
	Person having a security interest in shares	4,748,800 (L)	0.18%
	Approved lending agent	89,423,830 (L)	3.30%

Notes:

L – long position, S – short position

(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**".

(2) JPMorgan Chase & Co. is interested in 148,265,411 Shares (long position, of which 89,423,830 Shares are in a lending pool) and 5,258,724 Shares (short position), accounting for approximately 5.47% and 0.19% of Shares in issue, respectively. As shown in the Disclosure of Interests, these Shares are held by JF Asset Management Limited (a corporation held indirectly by JPMorgan Chase & Co. as to 99.99% control), China International Fund Management Co., Ltd (a corporation held indirectly by JPMorgan Chase & Co. as to 49% control) and by other corporations held directly or indirectly by JPMorgan Chase & Co. as to 100% control. Among which, 2,733,908 Shares (long position) and 2,804,404 Shares (short position) are derivatives interests, including 14,000 Shares (short position) as cash-settled listed derivatives, 2,733,908 Shares (long position) and 189,118 Shares (short position) as cash-settled unlisted derivatives, and 2,601,286 Shares (short position) as physically settled unlisted derivatives.

Save as disclosed above, as at 31 December 2019, 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, the Pre-Listing Share Option Scheme was adopted by the then Shareholders of the Company. It was subsequently amended by a resolution passed at the extraordinary general meeting held on 7 November 2019 (for details of the amendment, please refer to the announcement of the Company dated 16 October 2019 and the circular of the Company dated 22 October 2019). A summary of the principal terms of the Pre-Listing Share Option Scheme is set out as follows:

(i) Purpose

The purpose of the Pre-Listing Share Option Scheme is to enable the Company to grant options to eligible participants as incentive or reward for their contribution to the Group.

(ii) Participants

The following persons are eligible to participate in the Pre-Listing Share Option Scheme:

- any full-time employee, executive and senior staff of the Group;
- any director (including non-executive director and independent non-executive director) of the Group;
- any other eligible individual whom the Board or person(s) authorized may in their sole discretion consider to have contributed or will contribute to the Company.

(iii) Maximum number of shares available for subscription

The maximum number of shares which may be issued pursuant to the Pre-Listing Share Option Scheme will be 132,948,000 Shares, representing approximately 4.8970% of the issued share capital of the Company as at the date of this annual report and approximately 4.7452% of the enlarged issued share capital of the Company as at the date of this annual report assuming all options granted under the Pre-Listing Share Option Scheme are fully exercised.

(iv) Maximum entitlement of shares of each participant

The total number of shares issued and to be issued upon exercise of the options granted to each eligible participant (including both exercised and outstanding options under the Pre-Listing Share Option Scheme) in any 12-month period must not exceed 1% of the issued share capital of the Company.

(v) Option period

The period for which the grantee may exercise the option under the Pre-Listing Share Option Scheme shall not exceed 5 years from the date of grant.

(vi) Payment on acceptance of option offer

HK$1.00 is payable by the participant to the Company on acceptance of the option offer as consideration for the grant within 30 days after the grant date.

(vii) Basis of determining the exercise price

The exercise price of HK$0.94 per Share was determined with reference to the fair value of the shares as at 31 December 2017 based on a valuation report prepared by an independent valuer appointed by the Company.

(viii) Remaining life of the scheme

The Pre-Listing Share Option Scheme was valid and effective for a period of 180 days from 13 March 2018, after which period no further offer of options would be made but in all other respects, the provisions of the Pre-Listing Share Option Scheme shall remain in full force and effect and options which have been granted and remain outstanding shall continue to be valid and exercisable.

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.

On 14 November 2019, 42,132,800 shares were allotted and issued pursuant to the exercise of share options by several grantees. The closing price of the shares immediately before 14 November 2019 was HK$26.9 per share.

During the year ended 31 December 2019, details of movements in the share options under the Pre-Listing Share Option Scheme are as follows:

	Options to subscribe for Shares								
Category and name of grantee	As at 1 January 2019 Outstanding	Granted during the Year	Exercised during the Year	Cancelled during the Year	Lapsed during the Year	Outstanding as at 31 December 2019	Exercise price per Share (HK$)	Date of grant	Exercise period
Directors									
Ms. Wu Bijun	12,964,000	–	5,185,600	–	–	7,778,400	0.940	21 May 2018	Vesting date[1] – 20 May 2023
Mr. Li Changjiang	12,964,000	–	5,185,600	–	–	7,778,400	0.940	21 May 2018	Vesting date[1] – 20 May 2023
Mr. Xiao Hua	4,762,000	–	1,904,800	–	–	2,857,200	0.940	21 May 2018	Vesting date[1] – 20 May 2023
Mr. Guo Zhanjun	4,699,000	–	1,879,600	–	–	2,819,400	0.940	21 May 2018	Vesting date[1] – 20 May 2023
Sub-total	35,389,000	–	14,155,600	–	–	21,233,400			
Other participants	97,559,000	–	27,977,200	–	–	69,581,800	0.940	21 May 2018	Vesting date[1] – 20 May 2023
Sub-total	97,559,000	–	27,977,200	–	–	69,581,800			
Total	132,948,000	–	42,132,800	–	–	90,815,200			

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 were listed on the Main Board of the Stock Exchange on the Listing Date, 40% of the total number of Shares granted pursuant to the share options will be vested to the relevant grantees; (b) for the financial year immediately following the Listing Date, 30% of the total number of shares granted pursuant to the share options will be vested to the relevant grantees; and (c) for the second financial year following the Listing Date, 30% of the total number of shares granted pursuant to the share options will be vested to the relevant grantees.

(2) The closing price of the 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 expense of share options charged to profit or loss for the year ended 31 December 2019 was approximately RMB14.4 million (2018: RMB20.5 million). The relevant accounting policy is described in Note 2.20 "Share-based payments" of the consolidated financial statements of the Company for the year ended 31 December 2019.

PLACING AND SUBSCRIPTION AGREEMENT

On 11 January 2019, the Company entered into the placing and subscription agreement (the "**Placing and Subscription Agreement**") with the placing agent, J.P. Morgan Securities PLC, and the vendor, Concrete Win, pursuant to which, the placing agent conditionally agreed to place to not less than six independent professional, institutional and/or individual investors, on a fully underwritten basis, 168,761,000 existing Shares at the placing price of HK$11.61 per Share and Concrete Win conditionally agreed to subscribe at the placing price for the same number of new ordinary Shares as the placing Shares placed by the placing agent.

The Directors consider that the placing and the subscription represents an opportunity to raise capital for the Company while broadening its shareholder and capital base. The Directors are of the view that the placing and the subscription would strengthen the financial position of the Group and provide working capital to the Group.

The subscription shares have a nominal value of US$16,876.1 and a market value of HK$2,177,016,900, based on the closing price of HK$12.90 per Share on the last full trading day prior to the date of the Placing and Subscription Agreement. The net price of the subscription is HK$11.49 per Share.

The Company intends to apply approximately 70% of the net proceeds from the subscription for mergers and acquisitions projects to expand geographical coverage or service scope within the Company's core businesses or related businesses, and the remaining approximately 30% for investments in technology and intellectualization, investments in urban services and value-added services new business development. Please refer to the announcements of the Company dated 10 January 2019 and 11 January 2019 for further details.

On 24 January 2019, the Company has completed the placing of the existing Shares as well as the allotment and issuance of Shares under the general mandate. The net proceeds received by the Company after deducting relating fees and expense, were approximately HK$1,943.1 million.

As of 31 December 2019, the Group has used approximately HK$821.78 million of the proceeds of the placings, of which: HK$619.83 million (approximately 32%) was used for mergers and acquisitions to expand geographical coverage and service scope within the Group's core businesses or related businesses; HK$201.95 million (approximately 10%) was used for technologies investment, urban services and value-added services new business development. Such used proceeds were in accordance with the purposes set out in the announcement of the Company dated 11 January 2019. It is expected that the remaining unused proceeds in the amount of approximately HK$1121.32 million will be used by 31 December 2020 according to the intended purposes set out in the said announcement:

- approximately 38% will be used for mergers and acquisitions to expand geographical coverage and service scope within the Group's core businesses or related businesses;

- approximately 20% will be used for technologies investment, urban services and value-added services new business development.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report contained in this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this annual report, the Company has maintained sufficient public float as required under the Listing Rules.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles and there was no restriction against such rights under the laws of Cayman Islands.

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

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDITORS

The consolidated financial statements for the year ended 31 December 2019 have been audited by PricewaterhouseCoopers. A resolution for the re-appointment of PricewaterhouseCoopers as the Company's auditor for the ensuing year is to be proposed at the 2020 AGM.

CONSULTING PROFESSIONAL TAX ADVISERS

The Company's shareholders are recommended to consult professional advisers if they are in any doubt as to the tax implications of purchasing, holding, disposing of, dealing in or the exercise of any rights in relation to the Company's shares.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the eligibility of the shareholders to attend, speak and vote at the 2020 AGM, and the eligible shareholders' entitlement to the proposed final dividend, the Register of Members will be closed as appropriate as set out below:

(i) For determining the Shareholders' eligibility to attend, speak and vote at the 2020 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 Wednesday,10 June 2020
Record Date	Wednesday,10 June 2020
Closure of the register of members	Thursday, 11 June 2020 to Tuesday, 16 June 2020 (both days inclusive)

(ii) Subject to the passing of the proposal of distributing the final dividend at the 2020 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 Monday, 22 June 2020
Closure of the register of members	Tuesday, 23 June 2020 to Wednesday, 24 June 2020 (both days inclusive)
Record Date	Wednesday, 24 June 2020

For purposes mentioned above, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the aforementioned latest time.

For and on behalf of the Board
LI Changjiang
Executive Director

Hong Kong, 18 March 2020

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

To the shareholders of Country Garden Services Holdings Company Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Country Garden Services Holdings Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 83 to 150, which comprise:

- the consolidated balance sheet as at 31 December 2019;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in our audit are summarised as follows:

- Assessment of the expected credit losses of trade receivables
- Purchase price allocation for business combinations
- Goodwill impairment assessment

Key audit matter	How our audit addressed the key audit matter
Assessment of the expected credit losses of trade receivables Refer to note 4 'Critical accounting estimates and judgements' and note 20 'Trade and other receivables' to the consolidated financial statements. As at 31 December 2019, gross trade receivables amounted to RMB1,631,855,000, which represented approximately 13% of the total assets of the Group. Management has assessed the expected credit losses of the trade receivables and RMB57,868,000 of loss allowance was made against the trade receivables as at 31 December 2019. Management assessed the expected credit losses of trade receivables based on assumptions about risk of default and expected credit loss rates. The Group used judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, aging profile of the receivables, existing market conditions as well as forward looking estimates at the end of each reporting period. Given the magnitude of the balance of trade receivables and that the assessment of the expected credit losses of trade receivables involved significant judgements and estimates made by management, we consider the assessment of the expected credit losses of trade receivables a key audit matter.	We have performed the following procedures to address this key audit matter: (i) Understood, evaluated and tested management's key controls in relation to the assessment of the expected credit losses of trade receivables. (ii) Assessed the appropriateness of the credit loss provisioning methodology adopted by management. (iii) Assessed the reasonableness of the estimated credit loss rates by considering historical cash collection and movements of the aging of trade receivables, taking into account the market conditions. (iv) Tested, on a sample basis, the accuracy of aging analysis of trade receivables prepared by management. (v) Checked the mathematical accuracy of the calculation of the provision for loss allowance. We found that the significant judgements and estimates made by management in relation to the assessment of the expected credit losses of trade receivables were properly supported by available evidences.

Key audit matter	How our audit addressed the key audit matter
Purchase price allocation for business combinations Refer to note 4 'Critical accounting estimates and judgements' and note 32 'Business combinations' to the consolidated financial statements. During the year ended 31 December 2019, the Group completed acquisitions of several property management companies. Management has engaged an independent qualified valuer to assist them in identifying the intangible assets and to perform the valuations of the identified assets and liabilities of the acquired companies at their respective acquisition dates and, based on which, management performed a purchase price allocation exercise for each acquisition, which resulted in recognition of intangible assets of RMB222,749,000, being the identified property management contracts and customer relationships. Goodwill of RMB711,973,000, being the excess of considerations transferred and the amount of non-controlling interests in the acquirees over the fair value of identified net assets acquired, was recognised. Significant judgements and estimates were involved in the fair value assessment of the identified property management contracts and customer relationships and the recognition of goodwill arising from the business combinations. These significant judgements and estimates include the adoption of appropriate valuation methodologies and the use of key assumptions in the valuation (mainly gross profit margins, earnings before interest, tax, depreciation and amortisation ("EBITDA") margins, discount rates and expected useful lives of the property management contracts and customer relationships). We consider this area a key audit matter given the magnitude of the identified property management contracts and customer relationships and goodwill recognised arising from the business combinations, and the significant judgements and estimates involved in the fair value assessment of the identified property management contracts and customer relationships and the recognition of goodwill arising from the business combinations.	We have performed the following procedures to address this key audit matter: (i) Assessed the competency, objectivity and independence of the external valuer engaged by management. (ii) Obtained the valuation reports in relation to the purchase price allocation for the acquisitions, and engaged our in-house valuation experts to assess the appropriateness of the valuation methodologies adopted by management and the reasonableness of discount rates used by management. (iii) Challenged and assessed the reasonableness of the key assumptions used in the cash flow forecasts for the valuation of the identified property management contracts and customer relationships with the involvement of our in-house valuation experts. For gross profit margins, EBITDA margins and the expected useful lives of the property management contracts and customer relationships, we compared these assumptions with the relevant historical data of these acquired companies and market data, where applicable. (iv) Evaluated the reasonableness of the sensitivity analysis performed by management on the key assumptions to understand the impact of reasonable changes in assumptions on the identified property management contracts and customer relationships and goodwill. (v) Checked the mathematical accuracy of the calculations of the fair value of the identified property management contracts and customer relationships and goodwill. We found that the significant judgements and estimates involved in the fair value assessment of the identified property management contracts and customer relationships and the recognition of goodwill arising from the business combinations were properly supported by available evidences.

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessment Refer to note 4 'Critical accounting estimates and judgements' and note 16 'Intangible assets' to the consolidated financial statements. As at 31 December 2019, the Group had goodwill of RMB1,217,335,000 which accounted for approximately 10% of the total assets of the Group. Goodwill arose from the Group's acquisitions of property management companies. For the purposes of goodwill impairment assessment, Management considered each of the acquired property management companies a separate group of cash-generated-units ("CGU") and goodwill has been allocated to each of the acquired property management companies. 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. The value-in-use calculation requires the Group to forecast the future cash flows expected to arise from the CGU based on the financial budgets approved by management. Management has engaged an independent qualified valuer to assist them in the value-in-use calculation. Significant judgements and estimates were involved in the goodwill impairment assessment. These significant judgements and estimates include the adoption of appropriate method to perform goodwill impairment assessment and the use of key assumptions in the value-in-use calculation, which primarily include annual revenue growth rate, gross profit margin, EBITDA margin, terminal growth rate and pre-tax discount rate. We consider this area a key audit matter due to the significance of the goodwill balance and the significant judgements and estimates involved in the goodwill impairment assessment.	We have performed the following procedures to address this key audit matter: (i) Assessed the appropriateness of the Group's identification of the CGU and allocation of goodwill based on the Group's accounting policy and our understanding of the Group's business. (ii) Assessed the competency, objectivity and independence of the external valuer engaged by management. (iii) Obtained management's assessment on goodwill impairment and engaged our in-house valuation experts to assess the appropriateness of the method adopted by management to perform goodwill impairment assessment and the pre-tax discount rate used by management. (iv) Challenged and assessed the reasonableness of the key assumptions used in the value-in-use calculation with the involvement of our in-house valuation experts. For the annual revenue growth rate, gross profit margin and EBITDA margin, we compared them with the relevant historical data and market data, where applicable; for the terminal growth rate, we assessed it with reference to the long-term expected inflation rate based on our independent research. (v) Performed a retrospective review by comparing the prior year's cash flow forecasts with the current year's results to assess the reliability and historical accuracy of management's forecasting process. (vi) Evaluated the reasonableness of the sensitivity analysis performed by management on the key assumptions to understand the impact of reasonable changes in assumptions on the recoverable amount. (vii) Checked the mathematical accuracy of the calculations of the goodwill impairment assessment. We found that the significant judgements and estimates involved in the goodwill impairment assessment were properly supported by available evidences.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cheung Siu Cheong.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 18 March 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2019 RMB'000	2018 RMB'000
Revenue	5	**9,644,947**	4,675,287
Cost of services	5, 8	**(6,592,706)**	(2,913,665)
Gross profit		**3,052,241**	1,761,622
Selling and marketing expenses	8	**(66,773)**	(26,639)
General and administrative expenses	8	**(1,207,591)**	(759,735)
Net impairment losses on financial assets	8	**(30,741)**	(13,392)
Other income	6	**51,144**	21,744
Other gains — net	7	**178,104**	28,549
Operating profit		**1,976,384**	1,012,149
Finance income	10	**94,253**	53,845
Finance costs	10	**(2,353)**	—
Finance income — net	10	**91,900**	53,845
Share of results of joint ventures and associates		**7,828**	3,393
Profit before income tax		**2,076,112**	1,069,387
Income tax expense	11	**(357,721)**	(135,177)
Profit for the year		**1,718,391**	934,210
Profit attributable to:			
— Owners of the Company		**1,670,664**	923,154
— Non-controlling interests		**47,727**	11,056
		1,718,391	934,210
Other comprehensive income			
Items that may be reclassified to profit or loss:			
— Exchange differences on translation of foreign operations		**327**	—
Total other comprehensive income for the year, net of tax		**327**	—
Total comprehensive income for the year		**1,718,718**	934,210
Total comprehensive income attributable to:			
— Owners of the Company		**1,670,991**	923,154
— Non-controlling interests		**47,727**	11,056
		1,718,718	934,210
Earnings per share for profit attributable to owners of the Company (expressed in RMB cents per share)			
— Basic	12	**62.73**	36.93
— Diluted	12	**61.67**	36.53

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

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2019 RMB'000	2018 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**311,873**	118,835
Right-of-use assets	15	**28,790**	—
Intangible assets	16	**1,603,853**	686,307
Investments in joint ventures	18	**73,522**	27,025
Investments in associates		**5,992**	—
Financial assets at fair value through other comprehensive income		**9,950**	15,558
Deferred income tax assets	28	**10,938**	3,363
		2,044,918	851,088
Current assets			
Inventories		**13,943**	8,460
Trade and other receivables	20	**2,003,770**	788,059
Financial assets at fair value through profit and loss	21	**1,280,682**	—
Restricted bank deposits	22	**11,861**	5,366
Cash and cash equivalents	22	**6,914,148**	3,868,921
		10,224,404	4,670,806
Total assets		**12,269,322**	5,521,894

	Note	As at 31 December 2019 RMB'000	2018 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital and share premium	23	**1,756,918**	1,584
Other reserves	24	**531,581**	601,003
Retained earnings	25	**3,084,657**	1,658,200
		5,373,156	2,260,787
Non-controlling interests		**306,370**	68,919
Total equity		**5,679,526**	2,329,706
LIABILITIES			
Non-current liabilities			
Lease liabilities	15	**19,418**	—
Deferred income tax liabilities	28	**143,079**	65,044
		162,497	65,044
Current liabilities			
Contract liabilities	5	**1,618,059**	1,000,156
Trade and other payables	27	**4,690,033**	2,060,176
Current income tax liabilities		**108,202**	66,812
Lease liabilities	15	**11,005**	—
		6,427,299	3,127,144
Total liabilities		**6,589,796**	3,192,188
Total equity and liabilities		**12,269,322**	5,521,894

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

The financial statements on pages 83 to 150 were approved by the Board of Directors on 18 March 2020 and were signed on its behalf.

LI Changjiang	**GUO Zhanjun**
Director	Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to owners of the Company				Non-controlling interests	Total equity
		Share capital and share premium	Other reserves	Retained earnings	Total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2018		–	500,142	921,031	1,421,173	120,933	1,542,106
Comprehensive income							
Profit for the year		–	–	923,154	923,154	11,056	934,210
Transactions with owners of the Company							
Issue of shares		1,584	–	–	1,584	–	1,584
Effect of the reorganisation		–	(2)	–	(2)	–	(2)
Acquisition of non-controlling interests		–	(11,759)	–	(11,759)	(103,441)	(115,200)
Employee share schemes – value of employee services		–	20,537	–	20,537	–	20,537
Capital injection from non-controlling interests		–	–	–	–	8,825	8,825
Non-controlling interests arising from business combination		–	–	–	–	33,241	33,241
Appropriation of statutory reserves		–	92,085	(92,085)	–	–	–
Dividends		–	–	(93,900)	(93,900)	(1,695)	(95,595)
Total transactions with owners		1,584	100,861	(185,985)	(83,540)	(63,070)	(146,610)
Balance at 31 December 2018		1,584	601,003	1,658,200	2,260,787	68,919	2,329,706
Balance at 1 January 2019		**1,584**	**601,003**	**1,658,200**	**2,260,787**	**68,919**	**2,329,706**
Comprehensive income							
Profit for the year		**–**	**–**	**1,670,664**	**1,670,664**	**47,727**	**1,718,391**
Other comprehensive income		**–**	**327**	**–**	**327**	**–**	**327**
Total comprehensive income for the period ended 31 December 2019		**–**	**327**	**1,670,664**	**1,670,991**	**47,727**	**1,718,718**
Transactions with owners of the Company							
Issue of shares	23	**1,679,435**	**–**	**–**	**1,679,435**	**–**	**1,679,435**
Employee share schemes							
– value of employee services	9, 26	**–**	**14,371**	**–**	**14,371**	**–**	**14,371**
– exercise of options	23	**75,899**	**(40,450)**	**–**	**35,449**	**–**	**35,449**
Capital injection from non-controlling interests		**–**	**–**	**–**	**–**	**206,170**	**206,170**
Transactions with non-controlling interests	31	**–**	**(61,568)**	**–**	**(61,568)**	**(29,707)**	**(91,275)**
Non-controlling interests arising from business combinations	32	**–**	**–**	**–**	**–**	**34,277**	**34,277**
Appropriation of statutory reserves	25	**–**	**17,898**	**(17,898)**	**–**	**–**	**–**
Disposal of a subsidiary		**–**	**–**	**–**	**–**	**(9,897)**	**(9,897)**
Dividends	13	**–**	**–**	**(226,309)**	**(226,309)**	**(11,119)**	**(237,428)**
Total transactions with owners		**1,755,334**	**(69,749)**	**(244,207)**	**1,441,378**	**189,724**	**1,631,102**
Balance at 31 December 2019		**1,756,918**	**531,581**	**3,084,657**	**5,373,156**	**306,370**	**5,679,526**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2019 RMB'000	2018 RMB'000
Cash flows from operating activities			
Cash generated from operations	29(a)	**3,552,570**	1,661,547
Income tax paid		**(295,364)**	(112,871)
Net cash generated from operating activities		**3,257,206**	1,548,676
Cash flows from investing activities			
Payments for acquisition of subsidiaries, net of cash acquired	32	**(291,330)**	(403,840)
Settlement of outstanding considerations payable for business combinations in prior years		**(124,888)**	–
Net cash outflow on disposal of a subsidiary		**(11,664)**	–
Payments for investments in joint ventures	18	**(39,929)**	(6,000)
Dividends received from joint ventures	18	**500**	–
Dividends received from associates		**2,871**	–
Payments for property, plant and equipment	14	**(80,682)**	(69,561)
Payments for intangible assets	16	**(26,060)**	(16,325)
Payments for financial assets at fair value through profit or loss	3.3	**(3,371,309)**	(242,000)
Payments for financial assets at fair value through other comprehensive income		**–**	(10,844)
Proceeds from disposal of investments in associates		**–**	13,550
Proceeds from disposal of property, plant and equipment	29(c)	**2,804**	8,293
Proceeds from disposal of financial assets at fair value through other comprehensive income		**–**	410
Proceeds from disposal of financial assets at fair value through profit or loss		**2,217,754**	325,317
Repayments by related parties		**–**	233,489
Interest received	10	**94,253**	53,845
Net cash used in investing activities		**(1,627,680)**	(113,666)
Cash flows from financing activities			
Capital injection from non-controlling interests		**23,488**	8,825
Issue of shares	23	**1,714,884**	1,584
Transactions with non-controlling interests	31	**(91,275)**	(115,200)
Principal elements of lease payments	29(d)	**(8,782)**	–
Interest paid on leases	29(d)	**(2,353)**	–
Dividends paid to the then shareholder of the Company		**–**	(93,900)
Dividends paid to owners of the Company	13	**(226,309)**	–
Dividends paid to non-controlling interests		**(11,119)**	(1,695)
Net cash generated from/(used in) financing activities		**1,398,534**	(200,386)
Net increase in cash and cash equivalents		**3,028,060**	1,234,624
Cash and cash equivalents at beginning of the year		**3,868,921**	2,634,297
Effects of exchange rate changes on cash and cash equivalents		**17,167**	–
Cash and cash equivalents at end of the year		**6,914,148**	3,868,921

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

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

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

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

The Company's shares are listed on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements for the year ended 31 December 2019 are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 18 March 2020.

2. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") and 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.

2.1.1 Changes in accounting policy and disclosures

(a) The adoption of the amendments to HKFRSs effective for the financial year ending 31 December 2019 did not have a material impact to the Group, except for the adoption of HKFRS 16, 'Leases'.

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The impact of the adoption of the standard is disclosed in note 2.1.1(c).

2. Summary of significant accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.1 Changes in accounting policy and disclosures *(Continued)*

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

		Effective for the financial year beginning on or after
Amendments to HKFRS 3	Definition of a business	1 January 2020
Amendments to HKAS 1 and HKAS 8	Definition of material	1 January 2020
Revised conceptual framework for financial reporting	Conceptual framework for financial reporting	1 January 2020
HKFRS 17	Insurance contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

These standards and amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(c) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17, 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 7%.

(i) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review — there were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HKFRIC 4, 'Determining whether an Arrangement contains a Lease'.

2. Summary of significant accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.1 Changes in accounting policy and disclosures (Continued)

(c) Adjustments recognised on adoption of HKFRS 16 *(Continued)*

(ii) Measurement of lease liabilities

	2019 RMB'000
Operating lease commitments disclosed as at 31 December 2018	10,366
Discounted using the lessee's incremental borrowing rate at the date of initial application	9,251
Less: short-term leases not recognised as a liability	(596)
Less: low-value leases not recognised as a liability	(1,150)
Lease liabilities recognised as at 1 January 2019	7,505
Of which are:	
Current lease liabilities	1,885
Non-current lease liabilities	5,620
	7,505

(iii) Measurement of right-of-use assets

Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

(iv) Adjustments recognised in the balance sheet on 1 January 2019

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

	RMB'000
Increase in right-of-use assets	7,505
Increase in lease liabilities	(7,505)
Net impact on retained earnings on 1 January 2019	–

(v) Lessor accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of HKFRS 16.

2. Summary of significant accounting policies *(Continued)*

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combination not under common control

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred to the former owners of the acquire, the equity interests issued by the Group, the fair value of any asset or liability resulting from a contingent consideration arrangement, and the fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination, with limited exceptions, are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

2. Summary of significant accounting policies *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation *(Continued)*

(a) Business combination not under common control *(Continued)*

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

(b) Changes in ownership interests in subsidiaries without change of control

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income (OCI) in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.3 Associates and joint arrangements

(a) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

(b) Joint arrangements

Investment in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor. The Group assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

(c) Equity accounting

Under the equity method of accounting, the investment is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

2. Summary of significant accounting policies *(Continued)*

2.3 Associates and joint arrangements *(Continued)*

(c) Equity accounting *(Continued)*

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates and joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate or a joint venture, any difference between the cost of the associate or joint venture and the Group's share of the net fair value of the associate's or joint venture's identifiable assets and liabilities is accounted for as goodwill.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.9.

(d) Changes in ownership interests

When the Group ceases to equity account for an investment because of a loss of joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in an associate or joint venture is reduced but significant influence or joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Gain or losses on dilution of equity interest in associates and joint ventures are recognised in profit or loss.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2. Summary of significant accounting policies *(Continued)*

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker ("CODM"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are generally recognised within 'Other gains — net' in the consolidated statements of comprehensive income.

(c) Group companies

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency of RMB are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation, net of any impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

2. Summary of significant accounting policies *(Continued)*

2.7 Property, plant and equipment *(Continued)*

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

Building	20 years
Machinery	5–15 years
Transportation equipment	5–10 years
Electronic equipment	5–10 years
Office equipment	5 years
Leasehold improvements	Estimated useful lives or remaining lease terms, whichever is shorter

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other gains — net' in the consolidated statement of comprehensive income.

2.8 Intangible assets

(a) Goodwill

Goodwill is measured as described in note 2.2.1(a). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

(b) Software

Acquired software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (3 to 10 years).

Costs associated with maintaining software programmes are recognised as an expense as incurred.

(c) Property management contracts and customer relationships

Property management contracts and customer relationships acquired in business combinations are recognised at fair value at the acquisition date. The property management contracts and customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful lives of the respective contracts (6 to 9 years).

2. Summary of significant accounting policies *(Continued)*

2.9 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGU). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.10 Investments and other financial assets

2.10.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.10.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.10.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2. Summary of significant accounting policies *(Continued)*

2.10 Investment and other financial assets *(Continued)*

2.10.3 Measurement (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated statement of comprehensive income and recognised in 'Other gains — net'. Interest income from these financial assets is included in finance income using the effective interest rate method.

- FVPL: Assets that do not meet the criteria for amortised cost or financial assets at fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in 'Other gains — net' in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in 'Other income' when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in 'Other gains — net' as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at FVOCI are not reported separately from other changes in fair value.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2. Summary of significant accounting policies *(Continued)*

2.12 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 20 for further details.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.14 Trade and other receivables

Trade receivables are amounts due from customers for services provided in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.15 Cash and cash equivalents, restricted cash

Cash and cash equivalents includes cash in hand and at banks, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank deposits which are restricted to use are included in 'Restricted cash' of the consolidated balance sheets.

2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2. Summary of significant accounting policies *(Continued)*

2.18 Current and deferred income tax

The tax expense for the period comprised current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.19 Employee benefits

(a) Pension obligations

The Group only operate defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

2. Summary of significant accounting policies *(Continued)*

2.19 Employee benefits *(Continued)*

***(a) Pension obligations** (Continued)*

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(b) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) When the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of reporting period are discounted to their present value.

(d) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2.20 Share-based payments

Share-based compensation benefits are provided to employees via the Company's pre-listing share option scheme. Information relating to the scheme is set out in note 26. The fair value of the employee service received in exchange for the grant of the options is recognised as an expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

(i) Including any market performance conditions (for example, an entity's share price);

(ii) Excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

(iii) Including the impact of any non-vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

2. Summary of significant accounting policies *(Continued)*

2.20 Share-based payments *(Continued)*

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

The grant by the Company of its options to the employees of the subsidiaries of the Group is treated as a capital contribution. The Group recognised the share-based compensation expenses in "General and administrative expenses" for the share options granted to the directors, senior management and employees of the Group and recognised as a deemed distribution to the shareholders in equity (recorded in "Other reserves") for the share options granted to the directors and senior management of related companies, who did not provide significant services to the Group. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity in the parent entity accounts.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the share options are exercised, the Group issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

2.21 Revenue recognition, contract assets and contract liabilities

The Group provides property management services, community value-added services, value-added services to non-property owners, and heat supply services. Revenue from providing services is recognised in the accounting period in which the services are rendered.

For property management and heat supply services, the Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

For property management services income from properties managed under lump sum basis, where the Group acts as principal and is primary responsible for providing the property management services to the property owners, the Group recognises the fee received or receivable from property owners as its revenue and all related property management costs as its cost of services. For property management services income from properties managed under commission basis, the Group recognises the commission, which is calculated by certain percentage of the total property management fee received or receivable from the property units, as its revenue for arranging and monitoring the services as provided by other suppliers to the property owners.

Value-added services to non-property owners mainly include consultancy services to property developers or other property management companies, cleaning, greening, repair and maintenance services, and sales and leasing agency services for unsold parking spaces and properties to property developers at the pre-delivery stage. The Group agrees the price for each service with the customers upfront and issue the monthly bill to the customers which varies based on the actual level of service completed in that month.

Community value-added services mainly include home living services, real estate brokerage services and community area services. Revenue is recognised when the related community value-added services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered to the customer.

If contracts involve the sale of multiple services, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

2. Summary of significant accounting policies *(Continued)*

2.21 Revenue recognition, contract assets and contract liabilities *(Continued)*

When either party to a contract has performed, the Group presents the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer. Incremental costs incurred to obtain a contact, if recoverable, are capitalised and presented as assets and subsequently amortised when the related revenue is recognised.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers services to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

2.22 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/ (losses) on these assets. Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in 'Other income'. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in 'Other income'.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.23 Leases

As explained in note 2.1.1(c) above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described below and the impact of the change in note 2.1.1(c).

Until 31 December 2018, leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and

2. Summary of significant accounting policies *(Continued)*

2.23 Leases *(Continued)*

- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets mainly comprise electronic equipment and vehicles.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2.24 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2.25 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: mainly credit risk, liquidity risk and foreign exchange risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1.1 Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables and cash deposits at banks. The carrying amounts of trade and other receivables, cash and cash equivalents and restricted cash represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks with high credit rating. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group has large number of customers and there was no concentration of credit risk. The Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of individual property owner or the borrower
- significant increases in credit risk on other financial instruments of the individual property owner or the same borrower
- significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

3. Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.1 Credit risk *(Continued)*

(a) Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables.

As at 31 December 2019, the Group has assessed that the expected credit losses for trade receivables from related parties was immaterial. Thus no loss allowance provision for trade receivables from related parties was recognised during the year (2018: nil).

As at 31 December 2019, the Group has assessed that the expected loss rates for trade receivables from certain third-party property developers amounting to RMB10,408,000 were 100% as these property developers were experiencing significant financial difficulties. Thus RMB10,408,000 of specific loss allowance provision was provided against these receivables during the year ended 31 December 2019 (2018: RMB4,057,000).

The loss allowance provision for the remaining balances was determined as follows:

	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Trade receivables							
At 31 December 2019							
Expected loss rate	**0.8%**	**6.4%**	**20.1%**	**36.0%**	**57.3%**	**100%**	
Gross carrying amount (RMB'000)	**1,315,653**	**106,541**	**44,486**	**22,942**	**7,747**	**8,841**	**1,506,210**
Loss allowance provision (RMB'000)	**10,131**	**6,850**	**8,950**	**8,252**	**4,436**	**8,841**	**47,460**
At 31 December 2018							
Expected loss rate	0.7%	5.7%	17.3%	32.1%	55.5%	100%	
Gross carrying amount (RMB'000)	385,085	80,282	37,047	13,532	6,110	7,693	529,749
Loss allowance provision (RMB'000)	2,696	4,576	6,409	4,344	3,391	7,693	29,109

The loss allowance provision for trade receivables reconciles to the opening loss allowance for that provision as follows:

	2019 RMB'000	2018 RMB'000
At 1 January	**33,166**	23,550
Provision for loss allowance recognised in profit or loss	**25,645**	11,041
Receivables written off as uncollectable	**(943)**	(1,425)
At 31 December	**57,868**	33,166

3. Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.1 Credit risk (Continued)

(a) Trade receivables *(Continued)*

As at 31 December 2019, the gross carrying amount of trade receivables was RMB1,631,855,000 (2018: RMB600,650,000) and thus the maximum exposure to loss was RMB1,573,987,000 (2018: RMB567,484,000).

(b) Other receivables (excluding prepayments)

Other receivables (excluding prepayments) mainly included payments on behalf of property owners, deposits and others. Management considered these receivables to be low credit risk and thus the loss allowance provision recognised was limited to 12 months expected losses.

The loss allowance provision for other receivables (excluding prepayments) reconciles to the opening loss allowance for that provision as follows:

	2019 RMB'000	2018 RMB'000
At 1 January	**4,976**	2,625
Provision for loss allowance recognised in profit or loss	**5,096**	2,351
At 31 December	**10,072**	4,976

As at 31 December 2019, the gross carrying amount of other receivables (excluding prepayments) was RMB377,263,000(2018: RMB195,485,000) and thus the maximum exposure to loss was RMB367,191,000(2018: RMB190,509,000).

3.1.2 Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and include interest, if applicable.

	Less than 1 year RMB'000	**1 to 2 years RMB'000**	**2 to 5 years RMB'000**	**Over 5 years RMB'000**	**Total RMB'000**
At 31 December 2019					
Trade and other payables	**3,493,045**	**—**	**—**	**—**	**3,493,045**
Lease liabilities	**13,126**	**9,158**	**9,016**	**6,986**	**38,286**
Total	**3,506,171**	**9,158**	**9,106**	**6,986**	**3,531,331**
At 31 December 2018					
Trade and other payables	1,422,680	—	—	—	1,422,680
Lease liabilities	—	—	—	—	—
Total	1,422,680	—	—	—	1,422,680

3. Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.3 Foreign exchange risk

The Group's businesses are principally conducted in RMB. The majority of its assets is denominated in RMB. The majority of its non-RMB assets are bank deposits denominated in Hong Kong Dollar ("HKD"). The Group is subject to foreign exchange risk arising from future commercial transactions and recognised assets which are denominated in non-RMB and net investment in foreign operations.

The aggregated carrying amount of the foreign currency denominated monetary assets of the Group at the end of the reporting period are as follows:

	31 December 2019 RMB'000	31 December 2018 RMB'000
Assets		
HKD	**1,082,229**	833
Other currencies	**21,031**	5,852
	1,103,260	6,685

The following table shows the sensitivity analysis of a 5% change in RMB against the HKD. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. Should RMB strengthened/weakened by 5% against the HKD, the effects on the profit or loss for the year would be as follows:

	Change of profit or loss — increase/(decrease)	
	2019 RMB'000	2018 RMB'000
RMB against HKD:		
Strengthened by 5%	**(54,111)**	(42)
Weakened by 5%	**54,111**	42

3.2 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 capital. Net debt is calculated as total debt less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheets plus net debt.

As at 31 December 2019 and 2018, the Group maintained at net cash position.

3. Financial risk management *(Continued)*

3.3 Fair value estimation

The table below analyses financial instruments carried or presented at fair value, by level of the inputs to valuation techniques used to measure fair value. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 1 RMB'000	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
As at 31 December 2019				
Assets				
Financial assets at FVPL	**—**	**—**	**1,280,682**	**1,280,682**
Financial assets at FVOCI	**—**	**—**	**9,950**	**9,950**
Total	**—**	**—**	**1,290,632**	**1,290,632**

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2018				
Assets				
Financial assets at FVOCI	—	—	15,558	15,558

The following table presents the changes in level 3 instruments for the year ended 31 December 2019:

	Financial assets at FVPL (Note 21) RMB'000	**Financial assets at FVOCI RMB'000**	**Total RMB'000**
Opening balance as at 1 January 2019	**—**	**15,558**	**15,558**
Additions	**3,371,309**	**—**	**3,371,309**
Acquisition of subsidiaries (Note 32)	**12,000**	**—**	**12,000**
Disposals	**(2,102,627)**	**(5,608)**	**(2,108,235)**
Closing balance as at 31 December 2019	**1,280,682**	**9,950**	**1,290,632**

There were no transfers between levels of the fair value hierarchy during the year.

There were no changes in valuation techniques during the year.

4. Critical accounting estimates and judgements

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

(a) Expected credit losses on receivables

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

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and the related loss allowances in the period in which such estimate is changed. For details of the key assumptions and inputs used, see note 3.1 above.

(b) Current tax and deferred tax

The Group is subject to income taxes in the PRC. Judgement is required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and provisions in the 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 property management contracts and customer relationships and the recognition of goodwill arising from business combinations

Significant judgements and estimates were involved in the fair value assessment of the identified property management contracts and customer relationships and the recognition of goodwill arising from business combinations. These significant judgements and estimates include the adoption of appropriate valuation methodologies and the use of key assumptions in the valuation (mainly gross profit margins, earnings before interest, tax, depreciation and amortisation ("EBITDA") margins, discount rates and expected useful lives of the property management contracts and customer relationships). See notes 16 and 32 for more details.

(d) Goodwill impairment assessment

For the purposes of goodwill impairment assessment, management considered each of the acquired property management companies a separate group of cash-generated-units ("CGU") and goodwill has been allocated to each of the acquired property management companies. Management assessed the impairment of goodwill by determining the recoverable amounts of the CGU to which goodwill has been

4. Critical accounting estimates and judgements *(Continued)*

(d) Goodwill impairment assessment *(Continued)*

allocated based on value-in-use calculation. Significant judgements and estimates were involved in the goodwill impairment assessment. These significant judgements and estimates include the adoption of appropriate valuation method and the use of key assumptions in the valuation, which primarily include annual revenue growth rate, gross profit margin, EBITDA margin, terminal growth rate and pre-tax discount rate. See note 16 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 and value-added services to non-property owners in the PRC. The CODM of the Company regarded that there was only one segment which was used to make strategic decisions. During the current year, the Group commenced the provision of heat supplies and property management services among the three supplies and property management businesses which comprise the provision of 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"). The operating results of the Three Supplies and Property Management businesses is included 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 two segments:

— Property management and related services other than the 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, which currently include property management services and heat supply business

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 joint ventures and associates.

Segment assets consist primarily of property, plant and equipment, right-of-use assets, intangible assets, investments in joint ventures, investments in associates, 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.

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

5. Revenue and segment information *(Continued)*

Revenue mainly comprises of proceeds from provision of property management services, community value-added services, value-added services to non-property owners and heat supply services. An analysis of the Group's revenue and cost of services by category for the years ended 31 December 2019 and 2018 was as follows:

	Year ended 31 December			
	2019		2018	
	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 and related services other than Three Supplies and Property Management				
— Property management services	5,816,961	4,061,200	3,445,489	2,347,831
— Value-added services to non-property owners	1,422,058	839,088	791,084	410,757
— Community value-added services	865,187	292,260	417,220	141,457
— Other services	25,368	14,653	21,494	13,620
	8,129,574	5,207,201	4,675,287	2,913,665
Three Supplies and Property Management				
— Heat supply services	990,215	930,792	–	–
— Property management services	525,158	454,713	–	–
	1,515,373	1,385,505	–	–
	9,644,947	6,592,706	4,675,287	2,913,665

For the year ended 31 December 2019, revenue from Country Garden Holdings Company Limited ("CGH") and its subsidiaries (together, the "CGH Group") contributed 13.2% (2018: 16.8%) of the Group's revenue. Other than the CGH Group, the Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the year ended 31 December 2019 and 2018.

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.

5. Revenue and segment information *(Continued)*

(a) Contract liabilities

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

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Contract liabilities	**1,618,059**	1,000,156

(i) Significant changes in contract liabilities

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

(ii) Revenue recognised in relation to contract liabilities

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

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
— Property management services	**721,874**	514,043
— Community value-added services	**70,091**	277
— Value-added services to non-property owners	**3,857**	2,430
	795,822	516,750

(iii) Unsatisfied performance obligations

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

For community value-added services, they are rendered in short period of time and there is no unsatisfied performance obligation at the end of respective periods.

5. Revenue and segment information *(Continued)*

(a) Contract liabilities *(Continued)*

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

During the year ended 31 December 2019, there were no incremental costs to obtain a contract (2018: nil).

(b) Segment information

The segment information provided to the CODM for the year ended 31 December 2019 is as follows:

	Year ended 31 December 2019		
	Property management and related services other than Three Supplies and Property Management RMB'000	Three Supplies and Property Management RMB'000	Total RMB'000
Revenue from contracts with customers			
Total segment revenue	8,129,574	1,515,373	9,644,947
Less: inter-segment revenue	–	–	–
Revenue from external customers	8,129,574	1,515,373	9,644,947
Timing of revenue recognition:			
Recognised over time	8,129,574	1,515,373	9,644,947
Segment results	1,814,629	54,456	1,869,085
Share of results of joint ventures and associates	7,494	334	7,828
Depreciation and amortisation charges	94,614	54,315	148,929
Net impairment losses on financial assets	27,710	3,031	30,741
Capital expenditure	98,454	26,219	124,673

5. Revenue and segment information *(Continued)*

(b) Segment information *(Continued)*

	As at 31 December 2019		
	Property management and related services other than Three Supplies and Property Management RMB'000	Three Supplies and Property Management RMB'000	Total RMB'000
Segment assets	**8,744,977**	**2,222,775**	**10,967,752**
Investments in joint ventures and associates	**39,250**	**40,264**	**79,514**
Segment liabilities	**4,775,313**	**1,563,202**	**6,338,515**

The segment information provided to CODM for the year ended 31 December 2018 is as follows:

	Year ended 31 December 2018		
	Property management and related services other than Three Supplies and Property Management RMB'000	Three Supplies and Property Management RMB'000	Total RMB'000
Revenue from contracts with customers			
Total segment revenue	4,675,287	–	4,675,287
Less: inter-segment revenue	–	–	–
Revenue from external customers	4,675,287	–	4,675,287
Timing of revenue recognition:			
Recognised over time	4,675,287	–	4,675,287
Segment results	1,019,192	(13,018)	1,006,174
Share of results of joint ventures and associates	3,393	–	3,393
Depreciation and amortisation charges	32,719	227	32,946
Net impairment losses on financial assets	13,391	1	13,392
Impairment charges on intangible assets	5,431	–	5,431
Capital expenditure	84,127	1,759	85,886

5. Revenue and segment information *(Continued)*

(b) Segment information *(Continued)*

	As at 31 December 2018		
	Property management and related services other than Three Supplies and Property Management RMB'000	Three Supplies and Property Management RMB'000	Total RMB'000
Segment assets	5,107,686	395,287	5,502,973
Investments in joint ventures	27,025	—	27,025
Segment liabilities	3,058,849	1,483	3,060,332

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

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Segment results	**1,869,085**	1,006,174
Realised and unrealised gains from financial assets at FVPL	**115,127**	9,368
Finance income — net	**91,900**	53,845
Profit before income tax	**2,076,112**	1,069,387

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

	As at 31 December	
	2019 RMB'000	2018 RMB'000
Segment assets	**10,967,752**	5,502,973
Deferred income tax assets	**10,938**	3,363
Financial assets at FVOCI	**9,950**	15,558
Financial assets at FVPL	**1,280,682**	—
Total assets	**12,269,322**	5,521,894

5. Revenue and segment information *(Continued)*

(b) Segment information *(Continued)*

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

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Segment liabilities	**6,338,515**	3,060,332
Deferred income tax liabilities	**143,079**	65,044
Current income tax liabilities	**108,202**	66,812
Total liabilities	**6,589,796**	3,192,188

6. Other income

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Government subsidy income	**31,956**	11,170
Late payment charges	**19,188**	10,574
	51,144	21,744

7. Other gains — net

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Realised and unrealised gains from financial assets at FVPL (Note)	**115,127**	9,368
Net foreign exchange gains	**56,315**	—
Gains on disposal of property, plant and equipment	**30**	121
Gains on early termination of lease contracts	**19**	—
Gains on disposal of investments in associates	**—**	12,579
Loss on disposal of a subsidiary	**(122)**	—
Others	**6,735**	6,481
	178,104	28,549

Note: This mainly represented investment return derived from the Group's investments in certain financial products and a close-ended fund during the year, which were classified as financial assets at FVPL.

8. Expenses by nature

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

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Employee benefit expenses (Note 9)	4,041,604	2,433,798
Cleaning expenses	1,356,233	458,285
Heat supply costs	845,500	—
Maintenance expenses	380,443	199,989
Utilities	309,578	157,583
Greening and gardening expenses	153,595	77,547
Security expenses	148,505	18,562
Depreciation and amortisation charges	148,929	32,946
Office and communication expenses	90,806	68,709
Transportation expenses	84,572	57,897
Travelling and entertainment expenses	80,187	52,803
Taxes and surcharges	46,517	25,975
Professional service fees	34,497	9,212
Net impairment losses on financial assets	30,741	13,392
Community activities expenses	24,803	15,234
Employee uniform expenses	12,529	7,317
Bank charges	11,737	15,606
Listing expenses excluding audit fees	—	8,164
Impairment of intangible assets	—	5,431
Auditor's remuneration		
— Audit services in relation to the listing	—	3,400
— Annual audit and interim review services	4,800	4,100
— Non-audit services	1,650	620
Other expenses	90,585	46,861
Total	7,897,811	3,713,431

9. Employee benefit expenses

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Wages, salaries and bonuses	3,425,100	2,005,035
Pension costs	249,537	164,227
Housing funds, medical insurances and other social security costs	182,655	122,153
Other benefits	169,941	121,846
Employee share schemes — value of employee services (Note 26)	14,371	20,537
	4,041,604	2,433,798

9. Employee benefit expenses *(Continued)*

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 1 director for the year ended 31 December 2019 (2018: 2 directors), whose emoluments are reflected in the analysis shown in note 35. The emoluments payable to the remaining 4 individuals (2018: 3 individuals) are as follows:

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Wages, salaries and bonuses	**10,160**	6,700
Pension and other social security costs	**127**	98
Employee share schemes — value of employee services	**5,214**	5,559
	15,501	12,357

The emoluments fell within the following bands:

	Year ended 31 December	
	2019	2018
Emolument bands (in HKD)		
3,500,000–4,000,000	**1**	—
4,000,000–4,500,000	**2**	1
4,500,000–5,000,000	**1**	1
5,000,000–5,500,000	**—**	1
	4	3

10. Finance income — net

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Finance income:		
Interest income on bank deposits	**94,253**	53,845
Finance cost:		
Interest expense on lease liabilities	**(2,353)**	—
Finance income — net	**91,900**	53,845

11. Income tax expense

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Current income tax — PRC		
— Provision of current income tax	**335,335**	169,631
— Withholding income tax on profits distributed	**–**	11,600
— Overprovision in previous years	**–**	(58,309)
	335,335	122,922
Deferred income tax		
— Corporate income tax	**(13,762)**	(1,788)
— Withholding income tax on profits to be distributed in future	**36,148**	14,043
	22,386	12,255
	357,721	135,177

(a) Cayman Island income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(b) Hong Kong profits tax

No provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to Hong Kong profits tax during the year.

(c) PRC corporate income tax

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The general corporate income tax rate in PRC is 25%. Country Garden Intellectual Services Group Co., Ltd. was qualified as "High and New Technology Enterprise" from 2017 to 2019 and was entitled to a preferential corporate income tax rate of 15% in 2019 (2018: 15%). Certain subsidiaries of the Group in the PRC are either located in western cities or qualified as Small and Micro Enterprises and subject to a preferential income tax rate of 15% or 10% in certain years.

11. Income tax expense *(Continued)*

(d) PRC withholding tax

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding income tax. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

(e) The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the applicable corporate income tax rate of 25%. The difference is analysed as follows:

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Profit before income tax	**2,076,112**	1,069,387
Add: Share of results of joint ventures	**(6,844)**	(6,211)
Share of results of associates	**(984)**	2,818
	2,068,284	1,065,994
Tax calculated at applicable corporate income tax rate of 25% (2018: 25%)	**517,071**	266,499
Effects of different tax rates applicable to different subsidiaries of the Group	**(202,294)**	(106,392)
Income not subject to tax	**(1,920)**	(2,534)
Expenses not deductible for taxation purposes	**7,182**	4,804
Unrecognised tax losses	**1,534**	4,516
Effects of tax rate change on deferred tax	**–**	950
Withholding income tax on profits distributed	**–**	11,600
Overprovision in previous years	**–**	(58,309)
	321,573	121,134
Withholding income tax on profits to be distributed in future	**36,148**	14,043
	357,721	135,177

12. 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	
	2019	2018
Profit attributable to the owners of the Company (RMB'000)	**1,670,664**	923,154
Weighted average number of ordinary shares in issue (thousands shares)	**2,663,090**	2,500,000
Basic earnings per share (RMB cents)	**62.73**	36.93

(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, details of which are set out in Note 26. For the pre-listing share option scheme, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

	Year ended 31 December	
	2019	2018
Profit attributable to the owners of the Company (RMB'000)	**1,670,664**	923,154
Weighted average number of ordinary shares in issue (thousands shares)	**2,663,090**	2,500,000
Adjustments — pre-listing share option schemes (thousands)	**46,039**	26,870
Weighted average number of ordinary shares for diluted earnings per share (thousands Shares)	**2,709,129**	2,526,870
Diluted earnings per share (RMB cents)	**61.67**	36.53

13. Dividends

The final dividend in respect of 2018 of RMB8.49 cents (equivalent to HKD9.66 cents) per share, totalling RMB226,309,000, has been approved at the Annual General Meeting on 20 May 2019 and paid in cash in July 2019.

The Board of Directors recommended the payment of a 2019 final dividend of RMB15.14 cents per share, totalling RMB417,670,000, which has taken into account the expected exercise of share options as of the record date for the eligible shareholders. Such dividend is to be approved by the shareholders at the forthcoming Annual General Meeting. These financial statements do not reflect this dividend payable.

14. Property, plant and equipment

	Machinery RMB'000	Transportation equipment RMB'000	Electronic equipment RMB'000	Office equipment RMB'000	Buildings RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January 2018							
Cost	34,411	61,717	46,136	15,205	–	–	157,469
Accumulated depreciation	(5,275)	(38,564)	(26,171)	(8,884)	–	–	(78,894)
Net book amount	29,136	23,153	19,965	6,321	–	–	78,575
Year ended 31 December 2018							
Opening net book amount	29,136	23,153	19,965	6,321	–	–	78,575
Acquisition of subsidiaries	797	1,821	2,642	1,058	–	–	6,318
Other additions	25,617	11,861	19,644	4,865	–	7,574	69,561
Disposal	(664)	(1,533)	(4,804)	(1,171)	–	–	(8,172)
Depreciation	(5,621)	(12,058)	(4,721)	(3,327)	–	(1,720)	(27,447)
Closing net book amount	49,265	23,244	32,726	7,746	–	5,854	118,835
At 31 December 2018							
Cost	59,801	66,305	60,345	19,310	–	7,574	213,335
Accumulated depreciation	(10,536)	(43,061)	(27,619)	(11,564)	–	(1,720)	(94,500)
Net book amount	49,265	23,244	32,726	7,746	–	5,854	118,835
Year ended 31 December 2019							
Opening net book amount	**49,265**	**23,244**	**32,726**	**7,746**	**–**	**5,854**	**118,835**
Acquisition of subsidiaries (Note 32)	**737**	**3,060**	**1,432**	**812**	**19,499**	**1,879**	**27,419**
Capital injection from non-controlling interest	**57,497**	**103,132**	**20,024**	**–**	**2,029**	**–**	**182,682**
Other additions	**35,402**	**4,011**	**19,976**	**16,970**	**–**	**4,323**	**80,682**
Disposal of a subsidiary	**–**	**(411)**	**(123)**	**(43)**	**–**	**–**	**(577)**
Other disposal	**(728)**	**(653)**	**(892)**	**(501)**	**–**	**–**	**(2,774)**
Depreciation	**(18,299)**	**(31,846)**	**(24,879)**	**(16,244)**	**(471)**	**(2,655)**	**(94,394)**
Closing net book amount	**123,874**	**100,537**	**48,264**	**8,740**	**21,057**	**9,401**	**311,873**
							–
At 31 December 2019							**–**
Cost	**151,415**	**169,404**	**96,205**	**34,609**	**21,528**	**13,145**	**486,306**
Accumulated depreciation	**(27,541)**	**(68,867)**	**(47,941)**	**(25,869)**	**(471)**	**(3,744)**	**(174,433)**
Net book amount	**123,874**	**100,537**	**48,264**	**8,740**	**21,057**	**9,401**	**311,873**

14. Property, plant and equipment *(Continued)*

The balance of leasehold improvements as at 31 December 2018, included in 'Other non-current assets', was reclassified to 'Property, plant and equipment' to conform to current year's presentation.

Depreciation expenses were charged to the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December 2019 RMB'000	2018 RMB'000
Cost of services	**81,752**	21,382
General and administrative expenses	**12,642**	6,065
	94,394	27,447

15. Leases

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

Right-of-use assets

	Buildings RMB'000	Transportation equipment RMB'000	Machinery RMB'000	Total RMB'000
At 31 December 2018	—	—	—	—
Effect of adoption of HKFRS 16 (Note 2.1.1(c))	7,322	183	—	7,505
At 1 January 2019	**7,322**	**183**	**—**	**7,505**
Additions	**17,319**	**267**	**345**	**17,931**
Acquisition of subsidiaries (Note 32)	**15,281**	**37**	**—**	**15,318**
Early termination of lease contracts	**(1,818)**	**—**	**—**	**(1,818)**
Depreciation	**(9,762)**	**(296)**	**(88)**	**(10,146)**
Closing net book amount	**28,342**	**191**	**257**	**28,790**
At 31 December 2019				
Cost	**36,708**	**487**	**345**	**37,540**
Accumulated depreciation	**(8,366)**	**(296)**	**(88)**	**(8,750)**
Net book amount	**28,342**	**191**	**257**	**28,790**

15. Leases *(Continued)*

(a) Amounts recognised in the consolidated balance sheet *(Continued)*

Lease liabilities

	31 December 2019 RMB'000	1 January 2019 RMB'000
Lease liabilities		
Current	11,005	1,885
Non-current	19,418	5,620
	30,423	7,505

(b) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	31 December 2019 RMB'000
Depreciation charge of right-of-use assets	
Buildings	9,762
Transportation equipment	296
Machinery	88
	10,146
Interest expense (included in 'Finance costs')	2,353
Expense relating to short-term leases (included in 'Cost of services' and 'General and administrative expenses')	25,899
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in 'General and administrative expenses')	8,170

The total cash outflow for leases in the year ended 31 December 2019 was RMB45,204,000.

(c) The Group's leasing activities and how these are accounted for

The Group leases various buildings, transportation equipment and machinery. Rental contracts are typically made for fixed periods of 1 to 6 years without extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

16. Intangible assets

	Software RMB'000	Property management contracts and customer relationships RMB'000 (i)	Goodwill RMB'000 (ii) & (iii)	Total RMB'000
At 1 January 2018				
Cost	9,203	11,980	2,570	23,753
Accumulated amortisation	(2,340)	(555)	—	(2,895)
Net book amount	6,863	11,425	2,570	20,858
Year ended 31 December 2018				
Opening net book amount	6,863	11,425	2,570	20,858
Acquisition of subsidiaries	3	154,689	505,362	660,054
Other additions	16,325	—	—	16,325
Amortisation	(2,049)	(3,450)	—	(5,499)
Impairment	—	(2,861)	(2,570)	(5,431)
Closing net book amount	21,142	159,803	505,362	686,307
At 31 December 2018				
Cost	25,531	166,669	507,932	700,132
Accumulated amortisation	(4,389)	(4,005)	—	(8,394)
Accumulated impairment	—	(2,861)	(2,570)	(5,431)
Net book amount	21,142	159,803	505,362	686,307
Year ended 31 December 2019				
Opening net book amount	**21,142**	**159,803**	**505,362**	**686,307**
Acquisition of subsidiaries (Note 32)	**1,153**	**222,749**	**711,973**	**935,875**
Other additions	**26,060**	**—**	**—**	**26,060**
Amortisation	**(3,403)**	**(40,986)**	**—**	**(44,389)**
Closing net book amount	**44,952**	**341,566**	**1,217,335**	**1,603,853**
At 31 December 2019				
Cost	**52,744**	**389,418**	**1,219,905**	**1,662,067**
Accumulated amortisation	**(7,792)**	**(44,991)**	**—**	**(52,783)**
Accumulated impairment	**—**	**(2,861)**	**(2,570)**	**(5,431)**
Net book amount	**44,952**	**341,566**	**1,217,335**	**1,603,853**

16. Intangible assets *(Continued)*

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

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Cost of services	**40,986**	3,450
General and administrative expenses	**3,403**	2,049
	44,389	5,499

(i) Property management contracts and customer relationships

During the year ended 31 December 2019, the Group acquired several companies (Note 32). Total identifiable net assets of these companies as at their respective acquisition dates amounted to approximately RMB310,038,000, including identified property management contracts and customer relationships of RMB222,749,000 recognised by the Group. The excess of the consideration transferred and the amount of the non-controlling interests in the acquires over the fair value of the identifiable net assets acquired is recorded as goodwill.

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

Gross profit margin	15.0%–19.8%
Earnings before interest, taxes, depreciation and amortisation margin ("EBITDA margin")	5.1%–14.4%
Post-tax discount rate	14.0%–15.6%
Expected useful lives	6 years

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

Goodwill of RMB505,362,000 has been allocated to the CGUs of the subsidiaries acquired in prior years for impairment testing. Management performed an impairment assessment on the goodwill as at 31 December 2019. The recoverable amounts of these subsidiaries are determined based on value-in-use calculation. The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Revenue growth rate during the forecast period	1.5%–5.0%
Gross profit margin during the forecast period	27.9%–41.5%
EBITDA margin during the forecast period	15.8%–26.5%
Terminal growth rate	3.0%
Pre-tax discount rate	15.6%–18.5%

Based on management's assessment on the recoverable amounts of the subsidiaries acquired in prior year, no impairment provision was considered necessary to provide as at 31 December 2019.

16. Intangible assets *(Continued)*

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

The recoverable amount of these CGUs would equal its carrying amount if the key assumptions were to change as follows:

	2019	
	From	**To**
Revenue growth rate during the forecast period	**1.5%–5.0%**	**nil–4.7%**
Gross profit margin during the forecast period	**27.9%–41.5%**	**22.6%–37.9%**
EBITDA margin during the forecast period	**15.8%–26.5%**	**3.8%–22.9%**
Terminal growth rate	**3.0%**	**nil–2.4%**
Pre-tax discount rate	**15.6%–18.5%**	**17.3%–78.3%**

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

Goodwill of RMB711,973,000 has been allocated to the CGUs of the subsidiaries acquired during the year for impairment testing. Management performed an impairment assessment on the goodwill prior to the year end. The recoverable amounts of these subsidiaries are determined based on value-in-use calculation.

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

Revenue growth rate during the forecast period	3.0%–15.0%
Gross profit margin during the forecast period	15.0%–20.2%
EBITDA margin during the forecast period	7.6%–14.4%
Terminal growth rate	3.0%
Pre-tax discount rate	14.2%–24.5%

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 2019.

The recoverable amount of these CGUs would equal its carrying amount if the key assumptions were to change as follows:

	2019	
	From	**To**
Revenue growth rate during the forecast period	**3.0%–15.0%**	**2.5%–14.4%**
Gross profit margin during the forecast period	**15.0%–20.2%**	**15.0%–20.2%**
EBITDA margin during the forecast period	**7.6%–14.4%**	**7.6%–14.0%**
Terminal growth rate	**3.0%**	**2.1%–3.0%**
Pre-tax discount rate	**14.2%–24.5%**	**14.2%–25.3%**

17. Subsidiaries

The following is a list of principal subsidiaries at 31 December 2019, all of these are limited liability companies:

Name	Date of incorporation	Nominal value of issued and fully paid share capital/paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Directly held by the Company:					
Incorporated in the BVI and operates in Mainland China:					
United Gain (集裕集團)	28 March 2006	USD200	100%	–	Investment holding
Ornate Forest (繁森有限公司)	7 July 2017	USD0	100%	–	Investment holding
Sino Estate Holdings Limited	6 November 2003	HKD780	100%	–	Investment holding
Indirectly held by the Company:					
Incorporated in Hong Kong and operates in Hong Kong:					
Country Garden Property Services HK Holdings Company Limited (碧桂園物業香港控股 有限公司)	5 February 2018	HKD1	100%	–	Investment holding
Established and operates in Mainland China:					
Country Garden Intellectual Property Services Group Co., Ltd. (碧桂園智慧物業服務集團股份有限公司)	19 April 2004	RMB360,000,000	100%	–	Property management and related services
Country Garden Jinyang Property Services Company Limited (碧桂園金陽物業服務有限公司)	15 December 1998	RMB19,390,000	51%	49%	Property management and related services
Beijing Shengshi Property Services Company Limited ("Shengshi") (北京盛世物業服務有限公 司)	24 April 1999	RMB7,000,000	100%	–	Property management and related services
Nanchang Jiejiang Property Services Company Limited (南昌市潔佳物業有限公司)	18 February 1993	RMB10,000,000	100%	–	Property management and related services
Shanghai Ruijing Industrial Company Limited (上海睿靖實業有限公司)	15 January 2018	RMB26,620,000	100%	–	Property management and related services

17. Subsidiaries *(Continued)*

Name	Date of incorporation	Nominal value of issued and fully paid share capital/paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Hainan Sailai Borui Property Services Company Limited (海南賽萊柏瑞物業服務有限公司)	12 April 2012	RMB5,000,000	100%	–	Property management and related services
Guangdong Country Garden Huimin Property Services Company Limited ("Huimin") (廣東碧桂園惠民物業服務有限公司)	9 January 2017	RMB5,100,000	100%	–	Property management and related services
Xingong Xiamen Property Management Services Company Limited (新工(廈門)物業管理服務有限公司)	30 April 2003	RMB9,132,300	100%	–	Property management and related services
Suzhou Industry Garden Zone Xin Gong Chan Ye Management Services Company Limited (蘇州工業園區新工產業管理服務有限公司)	14 December 2001	RMB5,000,000	100%	–	Property management and related services
Fenghuanghui Information technology Company Limited (鳳凰匯資訊科技有限公司)	18 January 2018	RMB30,580,000	64%	36%	E-commerce
Guangdong Country Garden Yuanhai Property Services Company Limited (廣東碧桂園元海物業服務有限公司)	18 January 2004	RMB5,000,000	100%	–	Property management and related services
Shanghai Lianyuan Property Development Company Limited (上海聯源物業發展有限公司)	20 November 1995	RMB10,000,000	100%	–	Property Intermediary services
Inner Mongolia Renhe Services Company Limited (內蒙古仁和服務有限責任公司)	18 November 1999	RMB14,008,340	70%	30%	Property management and related services
Suzhou Wuyuan Property Management Company Limited (蘇州物源物業管理有限公司)	22 March 2007	RMB50,000,000	70%	30%	Property management and related services
Zhejiang Jiakaicheng Real Estate Management Company Limited (嘉凱城集團物業服務有限公司) ("Calxon")	24 January 2002	RMB50,000,000	100%	–	Property management and related services
Shanghai Mingjun Property Management Company Limited (上海明君物業管理有限公司)	31 May 1996	RMB5,150,000	100%	–	Property management and related services

17. Subsidiaries *(Continued)*

Name	Date of incorporation	Nominal value of issued and fully paid share capital/paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
GANGLIAN PROPERTY GUANGZHOU (港聯不動產服務(中國)股份有限公司) ("Asia Asset")	**5 August 1999**	**RMB60,000,000**	**100%**	**–**	**Property management and related services**
Baoshihua Home Investment Management Company Limited (寶石花家園投資管理有限公司)	**12 September 2018**	**RMB400,000,000**	**80%**	**20%**	**Investment holding**
Baoshihua Property Management Company Limited (寶石花物業管理有限公司)	**26 October 2018**	**RMB295,639,561**	**51%**	**49%**	**Property management and related services**
Baoshihua Tong Fang Energy Technology Company Limited (寶石花同方能源科技有限公司)	**27 December 2018**	**RMB92,500,000**	**80%**	**20%**	**Property management, heat supply and related services**
Baoshihua Heat Company Limited (寶石花熱力有限公司)	**7 January 2019**	**RMB150,000,000**	**65%**	**35%**	**Heat supply services**
Daqing Baoshihua Heat Company Limited (大慶寶石花熱力有限公司)	**18 January 2019**	**RMB25,000,000**	**100%**	**–**	**Heat supply services**

The English names of the subsidiaries represent the best efforts made by the management of the Group in translating their Chinese names as they do not have official English names.

The directors of the Company consider that none of the non-controlling interests of the individual subsidiaries was significant to the Group and thus the individual financial information of these subsidiaries were not disclosed.

18. Investments in joint ventures

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
At 1 January	**27,025**	13,834
Additions	**39,929**	6,000
Acquisition of subsidiaries (Note 32)	**224**	980
Share of results	**6,844**	6,211
Dividends received	**(500)**	—
At 31 December	**73,522**	27,025

18. Investments in joint ventures *(Continued)*

Set out below are the particulars of the principal joint ventures as at 31 December 2019:

	Place of incorporation and operation	Principal activities	Proportion of equity interest held by the Group
Huahui Jinfu Information Technology (Beijing) Company Limited 華惠金服信息科技(北京)有限公司 ("Huahui Jinfu") (i)	Beijing, PRC	Community financial services	30%
Hubei Qingneng Country Garden Property Services Company Limited 湖北清能碧桂園物業服務有限公司	Wuhan, PRC	Property management	50%
Chongqing Rongbi Property Services Company Limited 重慶融碧物業服務有限公司	Chongqing, PRC	Property management	50%
Jiangxi Shengyu Property Services Company Limited 江西盛裕物業管理有限公司 ("Jiangxi Shengyu") (i)	Nanchang, PRC	Property management	49%

* The English names of the joint ventures represent the best efforts made by the management of the Group in translating their Chinese names as they do not have official English names.

(i) According to the Articles of Huahui Jinfu and Jiangxi Shengyu, all significant and relevant matters of the entity require unanimous consent by all shareholders, Huahui Jinfu and Jiangxi Shengyu are therefore accounted for as joint ventures of the Group.

The directors of the Company consider that none of the joint ventures as at 31 December 2019 was significant to the Group and thus the individual financial information of the joint ventures was not disclosed.

As at 31 December 2019, there were no significant contingent liabilities and commitments relating to the Group's interests in the joint ventures.

The summarised financial information of individually immaterial joint ventures on an aggregate basis is as follows:

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Carrying amounts in the consolidated financial statements	73,522	27,025
Share of results	6,844	6,211
Share of total comprehensive income	6,844	6,211

19. Financial instruments by category

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Financial assets at amortised cost:		
Trade and other receivables excluding prepayments and tax recoverable	**1,941,178**	750,005
Cash and cash equivalents	**6,914,148**	3,868,921
Restricted bank deposits	**11,861**	5,366
	8,867,187	4,624,292
Financial assets at FVPL		
Wealth management products	**1,000,052**	—
Investment in a close-ended fund	**280,630**	—
	1,280,682	—
Financial assets at FVOCI	**9,950**	15,558
	10,157,819	4,639,850
Financial liabilities at amortised cost:		
Trade and other payables excluding non-financial liabilities	**3,493,045**	1,422,680
Lease liabilities	**30,423**	—
	3,523,468	1,422,680

20. Trade and other receivables

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Trade receivables (a)		
— Related parties (Note 33)	**115,237**	66,844
— Third parties	**1,516,618**	533,806
	1,631,855	600,650
Less: allowance for impairment of trade receivables	**(57,868)**	(33,166)
	1,573,987	567,484
Other receivables		
— Payments on behalf of property owners	**153,197**	105,845
— Deposits	**65,647**	33,786
— Tax recoverable	**—**	7,988
— Others	**158,419**	47,866
	377,263	195,485
Less: allowance for impairment of other receivables	**(10,072)**	(4,976)
	367,191	190,509
Prepayments to suppliers	**56,670**	25,164
Prepayments for tax	**5,922**	4,902
	2,003,770	788,059

As at 31 December 2019, most of the trade and other receivables were denominated in RMB, and the fair value of trade and other receivables approximated their carrying amounts.

20. Trade and other receivables *(continued)*

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

Property management services income under lump sum basis and heat supply 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, customers are generally given a credit term of up to 60 days.

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

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
0–180 days	**1,333,903**	376,969
181–365 days	**97,389**	75,563
1 to 2 years	**113,267**	82,430
2 to 3 years	**46,661**	38,305
Over 3 years	**40,635**	27,383
	1,631,855	600,650

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2019, a provision of RMB57,868,000 (2018: RMB33,166,000) was made against the gross amounts of trade receivables (Note 3.1).

21. Financial assets at fair value through profit or loss

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Wealth management products (i)	**1,000,052**	–
Investment in a close-ended fund (ii)	**280,630**	–
	1,280,682	–

(i) The Group invested in various wealth management products. These products have a term of 12 months. They have an expected return rate ranging from 8.6% to 10.0%. The fair values of these investments were determined based on the expected return as stipulated in relevant contracts with the counterparties. The significant unobservable input for the fair value measurement is the expected annual return rate. The higher the expected annual return rate, the higher the fair value.

(ii) 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.

22. Cash and cash equivalents and restricted bank deposits

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Cash at banks	**6,926,009**	3,874,287
Less: Restricted bank deposits (b)	**(11,861)**	(5,366)
Cash and cash equivalents	**6,914,148**	3,868,921

As at 31 December 2019, cash and cash equivalents did not include housing maintenance funds of RMB2,643,000 (2018: RMB4,476,000) which were owned by the property owners but were deposited in the bank accounts in the name of the Group. Such deposits can be used by the Group for the purpose of public maintenance expenditures upon the approval from the relevant government authorities.

(a) Cash at banks were denominated in the following currencies:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
RMB	**5,822,749**	3,867,602
HKD	**1,082,229**	833
Other currencies	**21,031**	5,852
	6,926,009	3,874,287

(b) Restricted bank deposits mainly represents the cash deposits in bank as performance security for property management services according to the requirements of local government authorities.

23. 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
Authorised						
Upon incorporation at 24 January 2018, HKD0.10 per share		3,800,000	380,000			
Cancellation of ordinary shares of HKD0.10 each		(3,800,000)	(380,000)			
Increase in authorised share capital of USD0.0001 each		10,000,000,000	1,000,000			
At 31 December 2018 and 31 December 2019		10,000,000,000	1,000,000			
Issued and fully paid						
At 1 January 2018		–	–	–	–	–
At 6 March 2018, issue of shares at HKD0.10 each		2	–	–	–	–
At 13 March 2018, issue of shares at HKD0.10 each		76	8	–	–	–
At 13 March 2018, repurchase of shares at HKD0.10 each		(78)	(8)	–	–	–
At 13 March 2018, issue of shares at USD0.0001 each		10,000	1	–	–	–
At 13 March 2018, issue of shares at USD0.0001 each		2,499,990,000	249,999	1,584	–	1,584
At 31 December 2018		2,500,000,000	250,000	1,584	–	1,584
At 1 January 2019		2,500,000,000	250,000	1,584	–	1,584
Issue of shares on 11 January 2019	(a)	168,761,000	16,876	114	1,679,321	1,679,435
Exercise of options	(b)	42,132,800	4,213	30	75,869	75,899
At 31 December 2019		2,710,893,800	271,089	1,728	1,755,190	1,756,918

(a) On 11 January 2019, the Company entered into a placing and subscription agreement with Concrete Win Limited, a company wholly-owned by the ultimate controlling shareholder, and a placing agent (the "Agreement"). Pursuant to the Agreement, the placing agent conditionally agreed to place, on a fully underwritten basis, 168,761,000 existing shares at the placing price of HKD11.61 per share; Concrete Win Limited conditionally agreed to subscribe at the placing price for the same number of new shares as the placing shares that have been placed by the placing agent. On 24 January 2019, the Company issued 168,761,000 shares at a subscription price of HKD11.61 per share and raised net proceeds of approximately HKD1,943,098,000 (equivalent to approximately RMB1,679,435,000).

(b) On 14 November 2019, the Company issued 14,155,600 and 27,977,200 shares pursuant to the exercise of share options by 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 HKD39,605,000 (equivalent to approximately RMB35,449,000) in total; in addition, the related share-based payments reserve of RMB40,450,000 was transferred to the share premium account as a result of the above exercise of the options.

24. Other reserves

	Statutory Reserves RMB'000[a]	Currency translation reserve RMB'000	Share-based payments RMB'000	Others RMB'000	Total RMB'000
At 1 January 2018	106,685	—	—	393,457	500,142
Effect of the Reorganisation	—	—	—	(2)	(2)
Acquisition of non-controlling interests	—	—	—	(11,759)	(11,759)
Employee share schemes — value of employee services	—	—	47,918	(27,381)	20,537
Appropriation to statutory reserves	92,085	—	—	—	92,085
At 31 December 2018	198,770	—	47,918	354,315	601,003
At 1 January 2019	**198,770**	**—**	**47,918**	**354,315**	**601,003**
Other comprehensive income	**—**	**327**	**—**	**—**	**327**
Transactions with non-controlling interests (Note 31)	**—**	**—**	**—**	**(61,568)**	**(61,568)**
Employee share schemes					
— value of employee services (Note 26)	**—**	**—**	**29,351**	**(14,980)**	**14,371**
— exercise of options (Note 23)	**—**	**—**	**(40,450)**	**—**	**(40,450)**
Appropriation to statutory reserves	**17,898**	**—**	**—**	**—**	**17,898**
At 31 December 2019	**216,668**	**327**	**36,819**	**277,767**	**531,581**

(a) Pursuant to the relevant rules and regulations governing foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, the subsidiaries are required to transfer certain portion of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their respective registered capital.

25. Retained earnings

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
At 1 January	**1,658,200**	921,031
Profit for the year	**1,670,664**	923,154
Transfer to statutory reserves (Note 24(a))	**(17,898)**	(92,085)
Dividends (Note 13)	**(226,309)**	(93,900)
At 31 December	**3,084,657**	1,658,200

26. Share-based payments

In May 2018, the Company granted share options under the pre-listing share option scheme under which the option holders are entitled to acquire an aggregate of 132,948,000 shares of the Company. Pursuant to the terms of pre-listing share option scheme, the options granted are subject to certain performance conditions.

The options granted to the grantees will be vested based on the following rates on the date of the audit report of the Group for the relevant financial year, provided that the vesting conditions above are satisfied in the relevant financial year: (i) 40% of the total number of the share options will be vested in the financial year the Group successfully listing ("Listing Year"); (ii) 30% of the total number of the share options will be vested in the financial year immediately following the Listing Year; and (iii) 30% of the total number of the share options will be vested in the second financial year after the Listing Year. If the vesting conditions above have not been fulfilled during the relevant financial year, the corresponding percentage of the share options granted will lapse.

All the options under the pre-listing share option scheme should be exercisable after vesting but before the expiry of 5 years after the grant date at the exercise price of HKD0.94 per share.

Movements in the number of shares options outstanding are as follows:

	2019		2018	
	Average exercise price in HKD	**Number of share options**	Average exercise price in HKD	Number of share options
As at 1 January	**0.94**	**132,948,000**	—	—
Granted	**—**	**—**	0.94	132,948,000
Exercised	**0.94**	**(42,132,800)**	—	—
As at 31 December	**0.94**	**90,815,200**	0.94	132,948,000
Vested and exercisable at 31 December	**0.94**	**7,778,400**	—	—

Grant date	Expiry date	Exercise price	Share options outstanding 31 December 2019
21 May 2018	20 May 2023	HKD0.94	90,815,200

The weighted average remaining contractual life of options outstanding at the end of the year is approximately 3.4 years.

The Group has no legal or constructive obligation to repurchase or settle the share options in cash.

The Group has to estimate the expected percentage of grantees that will stay within the Group (the "Expected Retention Rate") of the shares option scheme in order to determine the amount of share-based compensation expenses charged to profit or loss. As at 31 December 2019, the Expected Retention Rate was assessed to be 100% (2018: 100%).

27. Trade and other payables

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Trade payables (a)		
— Related parties (Note 33)	14,240	8,782
— Third parties	1,465,991	341,893
	1,480,231	350,675
Other payables		
— Deposits	608,731	382,652
— Temporary receipts from properties owners	804,851	460,159
— Outstanding considerations payable for business combinations	293,177	132,569
— Accruals and others	306,055	96,625
	2,012,814	1,072,005
Payroll payables	1,038,683	553,354
Other taxes payables	158,305	84,142
	4,690,033	2,060,176

As at 31 December 2019, the carrying amounts of trade and other payables approximated their fair values.

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

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Up to 1 year	1,445,228	328,465
1 to 2 years	22,410	13,779
2 to 3 years	6,053	3,121
Over 3 years	6,540	5,310
	1,480,231	350,675

28. Deferred income tax

The analysis of deferred income tax assets and deferred income tax liabilities was as follows:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Deferred income tax assets:		
— to be recovered within 12 months	**11,211**	864
— to be recovered over 12 months	**6,341**	6,010
Total deferred tax assets	**17,552**	6,874
Set-off of deferred tax liabilities pursuant to set-off provisions	**(6,614)**	(3,511)
Net deferred tax assets	**10,938**	3,363
Deferred income tax liabilities:		
— to be recovered within 12 months	**78,510**	26,790
— to be recovered over 12 months	**71,183**	41,765
Total deferred tax liabilities	**149,693**	68,555
Set-off of deferred tax assets pursuant to set-off provisions	**(6,614)**	(3,511)
Net deferred tax liabilities	**143,079**	65,044

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, was as follows:

Deferred income tax assets:

	Allowance for impairment of receivables RMB'000	Tax losses RMB'000	Others RMB'000	Total RMB'000
At 1 January 2018	6,544	1,224	—	7,768
Credited/(charged) to profit or loss	330	(1,224)	—	(894)
At 31 December 2018	6,874	—	—	6,874
At 1 January 2019	**6,874**	**—**	**—**	**6,874**
Acquisition of subsidiaries (Note 32)	**—**	**3,302**	**72**	**3,374**
Disposal of a subsidiary	**(16)**	**—**	**—**	**(16)**
Credited/(charged) to profit or loss	**8,948**	**(1,929)**	**301**	**7,320**
At 31 December 2019	**15,806**	**1,373**	**373**	**17,552**

28. Deferred income tax *(Continued)*

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable. For the years ended 31 December 2019, the Group did not recognise deferred income tax assets in respect of losses amounting to RMB37,928,000 (2018: RMB21,908,000) that can be carried forward against future taxable income. Tax losses of group companies operated in the PRC could be carried forward for a maximum of five years. These tax losses will expire up to year 2024 (2018: 2023).

Deferred income tax liabilities:

	Differences on recognition of depreciation RMB'000	Fair value gain from business combination RMB'000	Withholding income tax on profits to be distributed in future RMB'000	Total RMB'000
At 1 January 2018	(4,066)	(2,856)	(11,600)	(18,522)
Acquisition of subsidiaries	—	(38,672)	—	(38,672)
Credited/(charged) to profit or loss	463	2,219	(14,043)	(11,361)
At 31 December 2018	(3,603)	(39,309)	(25,643)	(68,555)
At 1 January 2019	**(3,603)**	**(39,309)**	**(25,643)**	**(68,555)**
Acquisition of subsidiaries (Note 32)	**—**	**(51,432)**	**—**	**(51,432)**
(Charged)/credited to profit or loss	**(3,103)**	**9,545**	**(36,148)**	**(29,706)**
At 31 December 2019	**(6,706)**	**(81,196)**	**(61,791)**	**(149,693)**

As at 31 December 2019, the retained earnings of the Group's PRC subsidiaries not yet remitted to holding companies incorporated outside PRC, for which no deferred income tax liability had been provided, were approximately RMB2,648,068,000 (2018: RMB1,165,454,000). Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to their overseas holding companies in the foreseeable future based on management's estimation of overseas funding requirements.

29. Cash flow information

(a) Cash generated from operations

	Year ended 31 December 2019 RMB'000	2018 RMB'000
Profit before income tax	**2,076,112**	1,069,387
Adjustments for		
— Depreciation of property, plant and equipment (Note 14)	**94,394**	27,447
— Depreciation of right-of-use assets (Note 15)	**10,146**	—
— Amortisation of intangible assets (Note 16)	**44,389**	5,499
— Gains on early termination of lease contracts (Note 7)	**(19)**	—
— Impairment of intangible assets	**—**	5,431
— Revaluation gains on reclassification from investments in associates to financial assets at FVOCI	**—**	(4,313)
— Gains on disposal of property, plant and equipment (Note 7)	**(30)**	(121)
— Realised and unrealised gains from financial assets at FVPL (Note 7)	**(115,127)**	(9,368)
— Employee share schemes — value of employee services (Note 9)	**14,371**	20,537
— Share of results of joint ventures and associates	**(7,828)**	(3,393)
— Loss on disposal of a subsidiary	**122**	—
— Gains on disposal of investments in associates	**—**	(12,579)
— Finance income — net (Note 10)	**(91,900)**	(53,845)
Changes in working capital (excluding the effects of acquisition and disposal of subsidiaries):		
— Restricted bank deposits	**(1,700)**	(2,569)
— Inventories	**(5,012)**	(881)
— Trade and other receivables	**(938,271)**	(59,726)
— Contract liabilities	**579,451**	344,392
— Trade and other payables	**1,893,472**	335,649
Cash generated from operations	**3,552,570**	1,661,547

(b) Non-cash investing and financing activities

Significant non-cash investing and financing activities for the year end 31 December 2019 represented the RMB182,682,000 of capital injection in the form of property, plant and equipment made by non-controlling interests (Note 14) and the RMB17,931,000 of additions in right-of-use assets (Note 15).

(c) In the consolidated statements of cash flows, proceeds from disposals of property, plant and equipment comprise:

	Year ended 31 December 2019 RMB'000	2018 RMB'000
Net book amount (Note 14)	**2,774**	8,172
Gains on disposals (Note 7)	**30**	121
Proceeds from disposals	**2,804**	8,293

29. Cash flow information *(Continued)*

(d) Net cash reconciliation

This section sets out an analysis of net cash and the movements in net cash for each of the years presented.

	Other assets Cash RMB'000	Liabilities from financing activities Lease liabilities RMB'000	Total RMB'000
Net cash as at 1 January 2019	3,868,921	(7,505)	3,861,416
Cash flows	3,028,060	11,135	3,039,195
Acquisition of subsidiaries (Note 32)	—	(15,606)	(15,606)
Acquisition of new lease contracts	—	(17,931)	(17,931)
Interest expenses	—	(2,353)	(2,353)
Early termination of lease contracts	—	1,837	1,837
Foreign exchange adjustments	17,167	—	17,167
Net cash as at 31 December 2019	6,914,148	(30,423)	6,883,725

30 Commitments

(a) Operating lease commitments

The Group leases offices and staff dormitories under non-cancellable Operating lease agreements. The lease terms are between 1 and 6 years. From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases, see note 2.1.1 and note 15 for further information.

31. Transactions with non-controlling interests

Acquisition of additional interests in subsidiaries

On 31 March 2019, the Group acquired additional 30% equity interest in Shengshi from non-controlling interests at a consideration of RMB90,000,000. On 17 December 2019, the Group acquired additional 25% equity interest in Huimin from non-controlling interests at a consideration of RMB1,275,000. The considerations were fully paid in 2019. The effect of the acquisitions are summarised as follows:

	Year ended 31 December 2019 RMB'000
Consideration paid to non-controlling interests	91,275
Carrying amount of non-controlling interests acquired	(29,707)
Difference recorded within equity	61,568

32. Business combinations

In July 2019, the Group acquired 100% equity interest in Asia Asset from third parties at a fixed cash consideration of RMB259,000,000 and a contingent cash consideration not exceeding RMB116,400,000. In September 2019, the Group acquired 100% equity interest in Calxon from a third party at a fixed cash consideration of RMB173,000,000.The Group also acquired several other property management companies from third parties during the current year at an aggregate fixed cash considerations of RMB360,625,000 and a contingent cash consideration of not exceeding RMB92,860,000. The above acquired companies have been accounted for as subsidiaries of the Group since their respective acquisition dates.

32. Business combinations *(Continued)*

Details of the purchase considerations, the net assets acquired and goodwill are as follows:

	Asia Asset RMB'000	Calxon RMB'000	Others RMB'000	Total RMB'000
Total purchase considerations				
— Fixed cash considerations	259,000	173,000	360,625	792,625
Settled in 2019	259,000	133,000	282,532	674,532
Outstanding as at 31 December 2019	—	40,000	78,093	118,093
— Estimated contingent cash consideration	108,565	—	86,544	195,109
Settled in 2019	—	—	20,025	20,025
Outstanding as at 31 December 2019	108,565	—	66,519	175,084
	367,565	173,000	447,169	987,734
Total recognised amounts of identifiable assets acquired and liabilities assumed are as follows:				
— Property, plant and equipment (Note 14)	21,599	640	5,180	27,419
— Right-of-use assets (Note 15)	14,738	—	580	15,318
— Property management contracts and customer relationships (Note 16)	71,087	23,184	128,478	222,749
— Other intangible assets (Note16)	—	140	1,013	1,153
— Investments in joint ventures (Note 18)	224	—	—	224
— Investments in associates	490	—	—	490
— Deferred income tax assets (Note 28)	68	2,800	506	3,374
— Inventories	—	194	277	471
— Trade and other receivables	123,642	71,170	101,573	296,385
— Financial assets at FVPL	12,000	—	—	12,000
— Restricted bank deposits	—	—	4,795	4,795
— Cash and cash equivalents	188,846	73,183	141,198	403,227
— Trade and other payables	(351,621)	(63,820)	(146,474)	(561,915)
— Lease liabilities	(15,012)	—	(594)	(15,606)
— Deferred income tax liabilities (Note 28)	(15,136)	(5,796)	(30,500)	(51,432)
— Contract liabilities	(1,286)	(17,180)	(19,986)	(38,452)
— Current income tax liabilities	(1,590)	(2,878)	(5,694)	(10,162)
Total identifiable net assets	48,049	81,637	180,352	310,038
Non-controlling interests	—	(8,914)	(25,363)	(34,277)
Goodwill	319,516	100,277	292,180	711,973
	367,565	173,000	447,169	987,734
Outflow of cash to acquire business, net of cash acquired:				
Partial settlement of cash considerations	259,000	133,000	302,557	694,557
Less: Cash and cash equivalents in the subsidiaries acquired	(188,846)	(73,183)	(141,198)	(403,227)
Net cash outflow on acquisitions	70,154	59,817	161,359	291,330

32. Business combinations *(Continued)*

(a) Intangible assets including identified property management contracts and customer relationships of RMB222,749,000 in relation to the acquisitions have been recognised by the Group (Note 16).

(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 RMB415,992,000 and net profits of RMB30,889,000 to the Group for the period from their respective acquisition dates to 31 December 2019. Had these companies been consolidated from 1 January 2019, the consolidated statements of comprehensive income would show pro-forma revenue of RMB10,356,911,000 and net profit of RMB1,754,631,000.

33. Related party transactions

(a) Ultimate Controlling Shareholder

The Company is ultimately controlled by Ms. Yang Huiyan (the "Ultimate Controlling Shareholder").

(b) Transactions with related parties

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Provision of services		
— Entities controlled by the Ultimate Controlling Shareholder	**1,275,008**	785,327
— Entities jointly controlled by the Ultimate Controlling Shareholder	**167,456**	108,300
— Entities over which the Ultimate Controlling Shareholder has significant influence	**78,552**	53,419
— Entities controlled by close relatives of the Ultimate Controlling Shareholder	**2,923**	832
— Key management and their close relatives	**1,734**	1,333
	1,525,673	949,211
Purchase of goods and services		
— Entities controlled by the Ultimate Controlling Shareholder	**38,476**	53,501
— Entities controlled by close relatives of the Ultimate Controlling Shareholder	**8,521**	4,291
	46,997	57,792
Rental expenses		
— Entities controlled by the Ultimate Controlling Shareholder	**1,335**	1,268
Purchase of financial assets at FVOCI		
— Entity controlled by the Ultimate Controlling Shareholder	**–**	5,000
Disposal of associates		
— Entity controlled by the Ultimate Controlling Shareholder	**–**	6,000

The prices for the above service fees and other transactions were determined in accordance with the terms mutually agreed by the contract parties.

33. Related party transactions *(Continued)*

(c) Free trademark license agreement

A trademark licencing agreement was entered into between the Company and a subsidiary of CGH, Foshan Shunde Country Garden Property Development Company Limited ("佛山區順德碧桂園物業發展有限公司") ("Foshan Shunde") and a deed of trademark licencing was entered into between the Company and CGH (the "Trademark Licencing Arrangement"). Pursuant to the Trademark Licencing Arrangement, Foshan Shunde agreed and CGH would procure Foshan Shunde to irrevocably and unconditionally grant to the Group a non-transferable licence to use several trademarks registered in the PRC and Hong Kong for a perpetual term commencing from the date of the Trademark Licencing Agreement and the deed of trademark licencing, which are subject to the renewal of the licenced trademarks, on a royalty-free basis.

(d) Key management compensation

Key management includes directors and senior management. Compensations for key management are set out below:

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Salaries and other short-term employee benefits	**25,160**	22,800
Share-based payments	**11,816**	15,864
Fees	**600**	520
Contributions to retirement benefits and other social security costs	**309**	332
	37,885	39,516

33. Related party transactions *(Continued)*

(e) Balances with related parties

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Receivables from related parties		
Trade receivables		
— Entities controlled by the Ultimate Controlling Shareholder	**98,038**	63,754
— Entities jointly controlled by the Ultimate Controlling Shareholder	**12,120**	1,777
— Entities over which the Ultimate Controlling Shareholder has significant influence	**5,079**	1,313
	115,237	66,844

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Payables to related parties		
Trade payables		
— Entities controlled by the Ultimate Controlling Shareholder	**11,216**	6,136
— Entities controlled by close relatives of the Ultimate Controlling Shareholder	**3,024**	2,646
	14,240	8,782

34. Balance sheet and reserve movement of the Company

	Note	As at 31 December 2019 RMB'000	2018 RMB'000
ASSETS			
Non-current assets			
Investments in subsidiaries		940	940
Property, plant and equipment		51	—
Other receivables		537,555	—
		538,546	940
Current assets			
Cash and cash equivalents		1,078,207	434
Dividends receivable		542,690	233,790
Other receivables		16,475	13
		1,637,372	234,237
Total assets		2,175,918	235,177
EQUITY			
Share capital and share premium		1,756,918	1,584
Retained earnings	(a)	418,629	231,574
Total equity		2,175,547	233,158
LIABILITIES			
Current liabilities			
Other payables		371	2,019
Total liabilities		371	2,019
Total equity and liabilities		2,175,918	235,177

The balance sheet of the Company was approved by the Board of Directors on 18 March 2020 and was signed on its behalf.

LI Changjiang
Director

GUO Zhanjun
Director

34. Balance sheet and reserve movement of the Company *(Continued)*

(a) Movement of retained earnings of the Company

	Retained earnings RMB'000
At 1 January 2018	—
Profit for the year	325,474
Dividend paid	(93,900)
At 31 December 2018	231,574

	Retained earnings RMB'000
At 1 January 2019	**231,574**
Profit for the year	**413,364**
Dividend paid	**(226,309)**
At 31 December 2019	**418,629**

35. Directors' benefits and interests

Chairman and Non-executive Director

Ms. Yang Huiyan (note (a)(i))

Executive Director

Mr. Li Changjiang, President
Mr. Xiao Hua
Mr. Guo Zhanjun

Non-executive directors

Mr. Yang Zhicheng (note (a)(i))
Ms. Wu Bijun (note (a)(i))

Independent non-executive directors

Mr. Mei Wenjue
Mr. Rui Meng
Mr. Chen Weiru

35. Directors' benefits and interests *(Continued)*

(a) Directors' emoluments

The directors received emoluments from the Group for the year ended 31 December 2019 as follows:

Name	Fees RMB'000	Salaries and bonus RMB'000	Contributions to retirement benefits and other social security costs RMB'000	Employee share schemes — value of employee services RMB'000	Total RMB'000
Executive directors					
Mr. Li Changjiang	–	6,510	36	2,724	9,270
Mr. Xiao Hua	–	2,380	27	1,000	3,407
Mr. Guo Zhanjun	–	1,750	27	987	2,764
Independent non-executive directors					
Mr. Chen Weiru	200	–	–	–	200
Mr. Mei Wenyu	200	–	–	–	200
Mr. Rui Meng	200	–	–	–	200
	600	10,640	90	4,711	16,041

The directors received emoluments from the Group (in their role as senior management and employee before their appointment as directors) for the year ended 31 December 2018 as follows:

Name	Fees RMB'000	Salaries and bonus RMB'000	Contributions to retirement benefits and other social security costs RMB'000	Employee share schemes — value of employee services RMB'000	Total RMB'000
Executive directors					
Mr. Li Changjiang	–	6,030	36	4,978	11,044
Mr. Xiao Hua	–	2,200	27	1,829	4,056
Mr. Guo Zhanjun	–	1,620	27	1,804	3,451
Independent non-executive directors					
Mr. Chen Weiru	187	–	–	–	187
Mr. Mei Wenyu	167	–	–	–	167
Mr. Rui Meng	167	–	–	–	167
	521	9,850	90	8,611	19,072

35. Directors' benefits and interests *(Continued)*

(a) Directors' emoluments *(Continued)*

(i) The non-executive directors, Ms. Yang Huiyan, Mr. Yang Zhicheng and Ms. Wu Bijun did not receive any emoluments from the Group during the years ended 31 December 2019 and 2018. Ms. Yang Huiyan, Mr. Yang Zhicheng and Ms. Wu Bijun have respectively made arrangements with the Company under which they have waived or agreed to waive their emoluments.

(b) Directors' retirement benefits

There were no retirement benefits paid to or receivable by directors during the year by defined benefit pension plans operated by the Group (2018:nil).

(c) Directors' termination benefits

There were no director's termination benefits subsisted during the year (2018: nil).

(d) Consideration provided to third parties for making available directors' services

There was no consideration provided to third parties for making available directors' services subsisted during the year (2018:nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors subsisted during the year (2018:nil).

(f) Directors' material interests in transactions, arrangements or contracts

The Chairman and non-executive director, Ms. Yang Huiyan, is an executive director of CGH. The Group's transactions with CGH and related entities are set out in note 33.

Save for the aforementioned transactions, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2018:nil).

36. Events occurred after the reporting period

After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. As at the date on which this set of financial statements were authorised for issue, the Group was not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

"Board"	the board of Directors
"Bright Scholar"	Bright Scholar Education Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed in the form of American Depository Shares representing Class A Ordinary shares on the New York Stock Exchange (NYSE ticker: BEDU)
"Bright Scholar Group"	Bright Scholar, its subsidiaries and its variable interest entities
"CG Holdings" or "CGH"	Country Garden Holdings Company Limited (碧桂園控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2007)
"CG Life Services"	Country Garden Life Services Group Co., Ltd.* (碧桂園生活服務集團股份有限公司) (formerly known as Guangdong Country Garden Property Services Co., Ltd. (廣東碧桂園物業服務股份有限公司) and subsequently known as Country Garden Intelligent Services Group Co., Ltd.* (碧桂園智慧物業服務集團股份有限公司)), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
"Group"	CGH and its subsidiaries
"CGH Group"	CG Holdings and its subsidiaries
"Chairman"	the Chairman of the Board
"China Index Academy"	China Index Academy (中國指數研究院), an independent global market research and consulting company, which was established in 1994 in the PRC
"Company" or "CG Service"	Country Garden Services Holdings Company Limited (碧桂園服務控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6098)
"Concrete Win"	Concrete Win Limited, a limited liability company incorporated in the BVI on 7 April 2006, one of our Controlling Shareholders and is beneficially wholly-owned by Ms. Yang Huiyan
"Corporate Governance Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules 6
"Deed of Non-competition"	the deed of non-competition dated 29 May 2018 entered into by Ms.Yang Huiyan in favour of our Company
"Directors"	the directors of the Company
"Fortune Warrior"	Fortune Warrior Global Limited, a limited liability company incorporated in the BVI on 25 April 2019, one of our Controlling Shareholders and is beneficially wholly-owned by Ms. Yang Huiyan
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

GLOSSARY

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Date"	19 June 2018, the date on which our Shares are first listed and from which dealings in our Shares first commence on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"PRC"	the People's Republic of China (for the purpose of this report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
"Pre-Listing Share Option Scheme"	the share option scheme adopted by the Company on 13 March 2018, it was subsequently amended by a resolution passed at the extraordinary general meeting held on 7 November 2019.
"Qualified Shareholders"	the Shareholders whose names appear on the register of members of the Company on Wednesday, 24 June 2020
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shunbi Property"	Foshan Shunde Country Garden Property Development Company Limited* (佛山市順德區碧桂園物業發展有限公司), a limited liability company established in the PRC on 2 April 1997 and an indirect wholly-owned subsidiary of CGH
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"The Year"	The year ended 31 December 2019
"Three Supplies and Property Management"	water, electricity, heat supply and property management
"United Gain"	United Gain Group Ltd. (集裕集團有限公司), a company established under the laws of the BVI with limited liability and a wholly-owned subsidiary of the Company
"YIHAN"	EH Consulting (億翰智庫), a consulting firm specializing in the PRC real estate industry and listed on the NEEQ (stock code: 837350)
"2020 AGM"	the annual general meeting of the Company to be held on Tuesday, 16 June 2020
"%"	per cent

* For identification purpose only