碧桂园服务
COUNTRY GARDEN SERVICES

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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6098)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHTS

— The revenue of the Group for the Year increased from approximately RMB9,644.9 million for the same period in 2019 to approximately RMB15,600.4 million, representing an increase of approximately 61.7%.

— The gross profit of the Group for the Year increased from approximately RMB3,052.2 million for the same period in 2019 to approximately RMB5,299.8 million, representing an increase of approximately 73.6%. Gross profit margin increased by 2.4 percentage points to approximately 34.0% from approximately 31.6% for the same period in 2019.

— During the Year, the percentage of general and administrative expenses of the Group was approximately 12.5%, same as that for the same period in 2019. Excluding share-based payment expenses, the percentage of general and administrative expenses would decrease by 1.4 percentage points to approximately 11.0% compared to approximately 12.4% for the same period in 2019.

— The profit before tax of the Group for the Year increased from approximately RMB2,076.1 million for the same period in 2019 to approximately RMB3,714.7 million, representing an increase of approximately 78.9%. The income tax rate of Country Garden Life Services Group Co., Ltd.* (碧桂園生活服務集團股份有限公司), a major subsidiary of the Company, was changed to 25% for the Year from the preferential tax rate of 15% for the same period last year. The net profit of the Group for the Year increased from approximately RMB1,718.4 million for the same period in 2019 to approximately RMB2,781.7 million, representing an increase of approximately 61.9%. Excluding the effects of the aforesaid change in income tax rate, interest expense on convertible bonds issued during the Year, share-based payment expenses and gains and losses on changes in fair value, the net profit of the Group for the Year would increase from approximately RMB1,732.8 million for the same period in 2019 to approximately RMB3,204.8 million, representing an increase of approximately 85.0%.

— During the Year, the profit attributable to the owners of the Company increased from approximately RMB1,670.7 million for the same period in 2019 to approximately RMB2,686.1 million, representing an increase of approximately 60.8%.

— During the Year, the basic earnings per share increased from approximately RMB62.73 cents for the same period in 2019 to approximately RMB97.62 cents, representing an increase of approximately 55.6%.

— During the Year, the diluted earnings per share increased from approximately RMB61.67 cents for the same period in 2019 to approximately RMB96.32 cents, representing an increase of approximately 56.2%.

— As at 31 December 2020, the total bank deposits and cash of the Group were approximately RMB15,341.5 million (31 December 2019: approximately RMB6,926.0 million).

— As at 31 December 2020, the revenue-bearing gross floor area ("**GFA**") of the property management services other than "Three Supplies and Property Management" businesses of the Group increased by approximately 101.2 million sq.m. to approximately 377.3 million sq.m. from approximately 276.1 million sq.m. as at 31 December 2019, and the contracted GFA of the property management services other than "Three Supplies and Property Management" businesses increased by approximately 135.8 million sq.m. to approximately 820.5 million sq.m. from approximately 684.7 million sq.m. as at 31 December 2019. In addition, both of the revenue-bearing GFA and the contracted GFA of the property services of "Three Supplies and Property Management" businesses were approximately 85.2 million sq.m. as at 31 December 2020.

— The Board recommended the payment of a final dividend for 2020 of RMB21.87 cents per share (the shareholders may choose to receive dividends in cash and/or in share) (2019: RMB15.14 cents per share), representing an increase of approximately 44.5%.

The board (the "**Board**") of directors (the "**Director(s)**") of Country Garden Services Holdings Company Limited (the "**Company**" or "**CG Services**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2020 (the "**Year**" or the "**current year**") as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**Year ended 31 December** **2020** *RMB'000*	2019 *RMB'000*
Revenue	5	**15,600,421**	9,644,947
Cost of services	5, 7	**(10,194,566)**	(6,592,706)
Cost of sales of goods	5, 7	**(106,087)**	—
Gross profit		**5,299,768**	3,052,241
Selling and marketing expenses	7	**(135,755)**	(66,773)
General and administrative expenses	7	**(1,950,478)**	(1,207,591)
Net impairment losses on financial assets	7	**(98,131)**	(30,741)
Other income		**121,053**	51,144
Other gains — net	6	**394,025**	178,104
Operating profit		**3,630,482**	1,976,384
Finance income	8	**158,446**	94,253
Finance costs	8	**(114,757)**	(2,353)
Finance income — net	8	**43,689**	91,900
Share of results of investments accounted for using the equity method		**40,556**	7,828
Profit before income tax		**3,714,727**	2,076,112
Income tax expense	9	**(933,070)**	(357,721)
Profit for the year		**2,781,657**	1,718,391
Profit attributable to:			
— Owners of the Company		**2,686,128**	1,670,664
— Non-controlling interests		**95,529**	47,727
		2,781,657	1,718,391

	Note	Year ended 31 December 2020 RMB'000	2019 RMB'000
Other comprehensive (loss)/income, net of tax			
Items that may be reclassified to profit or loss:			
— Currency translation differences		**(13,070)**	327
Total comprehensive income for the year		**2,768,587**	1,718,718
Total comprehensive income attributable to:			
— Owners of the Company		**2,673,058**	1,670,991
— Non-controlling interests		**95,529**	47,727
		2,768,587	1,718,718
Earnings per share for profit attributable to owners of the Company (expressed in RMB cents per share)			
— Basic	10	**97.62**	62.73
— Diluted	10	**96.32**	61.67

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December **2020** ***RMB'000***	 2019 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,249,074**	311,873
Right-of-use assets		**130,360**	28,790
Intangible assets	12	**6,176,273**	1,603,853
Investments accounted for using the equity method		**312,220**	79,514
Financial assets at fair value through other comprehensive income		**9,950**	9,950
Deferred income tax assets		**37,957**	10,938
		7,915,834	2,044,918
Current assets			
Inventories		**136,911**	13,943
Trade and other receivables	13	**5,243,515**	2,003,770
Financial assets at fair value through profit and loss	14	**2,566,122**	1,280,682
Restricted bank deposits		**126,271**	11,861
Cash and cash equivalents		**15,215,224**	6,914,148
		23,288,043	10,224,404
Total assets		**31,203,877**	12,269,322
EQUITY			
Equity attributable to owners of the Company			
Share capital and share premium	15	**8,361,602**	1,756,918
Other reserves		**917,351**	531,581
Retained earnings		**5,286,787**	3,084,657
		14,565,740	5,373,156
Non-controlling interests		**1,593,298**	306,370
Total equity		**16,159,038**	5,679,526

	Note	As at 31 December 2020 RMB'000	2019 RMB'000
LIABILITIES			
Non-current liabilities			
Bank and other borrowings		**247,584**	—
Lease liabilities		**54,582**	19,418
Deferred income tax liabilities		**509,876**	143,079
		812,042	162,497
Current liabilities			
Contract liabilities	5	**2,581,933**	1,618,059
Trade and other payables	16	**7,475,622**	4,690,033
Current income tax liabilities		**553,601**	108,202
Convertible bonds	17	**3,202,538**	—
Bank and other borrowings		**361,815**	—
Lease liabilities		**57,288**	11,005
		14,232,797	6,427,299
Total liabilities		**15,044,839**	6,589,796
Total equity and liabilities		**31,203,877**	12,269,322

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, provision of heat supply services and city 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 2020 are presented in Renminbi ("**RMB**"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 22 March 2021.

2. Basis of preparation

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

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying the Group's accounting policies. The areas involving a higher degree of judgments or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

3. Changes in accounting policies

(a) The adoption of the amendments to HKFRSs effective for the first time for the reporting period commencing on 1 January 2020 did not have a material impact to the Group.

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

		Effective for annual periods beginning on or after
Amendments to HKFRS 16	Leases — COVID-19 related rent concessions	1 June 2020
HKFRS 17	Insurance contract	1 January 2021
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2022
Amendments to HKFRS 3	Reference to the conceptual framework	1 January 2022
Amendments to HKAS 16	Property, plant and equipment — proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous contracts — cost of fulfilling a contract	1 January 2022
Annual Improvements project	Annual Improvements 2018–2020 cycle	1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associates or joint ventures	To be determined

Based on management's preliminary assessment, these standards and amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4. Critical accounting estimates and judgements

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

(a) Expected credit losses on receivables

The Group makes allowances on receivables based on assumptions about risk of default and expected loss rates. 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.

(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 intangible assets and the recognition of goodwill arising from business combinations

Significant judgements and estimates were involved in the fair value assessment of the identified intangible assets 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 intangible assets). See notes 12 and 18 for more details.

(d) Goodwill impairment assessment

For the purposes of goodwill impairment assessment, management considered each of the acquired companies a separate group of cash-generated-units ("CGU") and goodwill has been allocated to each of the acquired companies. Management assessed the impairment of goodwill by determining the recoverable amounts of the CGU to which goodwill has been allocated based on value-in-use calculation. Significant 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 rates, gross profit margins, EBITDA margins, terminal growth rate and discount rates. See note 12 for more details.

5. Revenue and segment information

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Makers ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

In previous years, the Group was principally engaged in the provision of property management services, community value-added services, value-added services to non-property owners and 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**") in the PRC. The CODM of the Company regarded that there were two segments which were used to make strategic decisions. During the current year, as a result of the acquisition of the city services business (note 18), the operating results of the city services business 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 three segments:

— Property management and related services other than Three Supplies and Property Management businesses, which include property management services, community value-added services and value-added services to non-property owners

— Three Supplies and Property Management businesses, which currently include property management services and heat supply business

— City services business, which include sanitation and cleaning 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 fair value through profit or loss, and including share of results of investments accounted for using the equity method.

Segment assets consist primarily of property, plant and equipment, right-of-use assets, intangible assets, investments accounted for using the equity method, inventories, receivables, and operating cash. They exclude deferred income tax assets, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. Segment liabilities consist primarily of operating liabilities. They exclude current and deferred income tax liabilities, convertible bonds, bank and other borrowings and dividend payables.

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

Revenue mainly comprises of proceeds from provision of property management services, community value-added services, value-added services to non-property owners, heat supply services and city services. An analysis of the Group's revenue and cost of sales by category for the years ended 31 December 2020 and 2019 was as follows:

	Year ended 31 December			
	2020		2019	
	Revenue	**Cost of Sales**	Revenue	Cost of Sales
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Revenue from property management and related services other than Three Supplies and Property Management businesses				
— Property management services recognised over time	**8,606,702**	**5,627,636**	5,748,556	4,019,254
— Value-added services to non-property owners recognised over time	**1,369,701**	**746,007**	1,422,058	839,088
— Community value-added services	**1,731,271**	**603,491**	865,187	292,260
recognised over time	**1,583,856**	**497,404**	865,187	292,260
recognised at a point time	**147,415**	**106,087**	—	—
— Other services recognised over time	**309,291**	**234,977**	25,368	14,653
	12,016,965	**7,212,111**	8,061,169	5,165,255
Revenue from Three Supplies and Property Management businesses				
Recognised over time				
— Property management services	**1,540,212**	**1,432,257**	525,158	454,713
— Heat supply services	**1,159,119**	**1,059,879**	990,215	930,792
	2,699,331	**2,492,136**	1,515,373	1,385,505
Revenue from city services business				
Recognised over time	**884,125**	**596,406**	68,405	41,946
	15,600,421	**10,300,653**	9,644,947	6,592,706

For the year ended 31 December 2020, revenue from Country Garden Holdings Company Limited ("**CGH**") and its subsidiaries (together, the "**CGH Group**") contributed approximately 7.5% (2019: approximately 13.2%) 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 years ended 31 December 2020 and 2019.

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

Over 98% of the Group's revenue is attributable to the markets in Mainland China and nearly 100% of the Group's non-current assets are located in Mainland China. No geographical information is therefore presented.

(a) Contract liabilities

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

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Contract liabilities	**2,581,933**	1,618,059

(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	
	2020	2019
	RMB'000	*RMB'000*
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
— Property management services	**1,186,655**	721,874
— Community value-added services	**105,766**	70,091
— Value-added services to non-property owners	**1,732**	3,857
— Heat supply services	**162,231**	—
	1,456,384	795,822

(iii) Unsatisfied performance obligations

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

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

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

During the year ended 31 December 2020, there were no incremental costs to obtain a contract (2019: nil).

(b) ***Segment information***

The segment information provided to the CODM for the year ended 31 December 2020 is as follows:

	Year ended 31 December 2020			
	Property management and related services other than Three Supplies and Property Management businesses *RMB'000*	**Three Supplies and Property Management businesses** *RMB'000*	**City services business** *RMB'000*	**Total** *RMB'000*
Revenue from contracts with customers				
Total segment revenue	**12,016,965**	**2,699,331**	**884,125**	**15,600,421**
Less: inter-segment revenue	**—**	**—**	**—**	**—**
Revenue from external customers	**12,016,965**	**2,699,331**	**884,125**	**15,600,421**
Timing of revenue recognition:				
Recognised over time	**11,869,550**	**2,699,331**	**884,125**	**15,453,006**
Recognised at a point in time	**147,415**	**—**	**—**	**147,415**
Segment results	**3,095,589**	**15,053**	**217,760**	**3,328,402**
Share of results of investments accounted for using the equity method	**14,655**	**26,933**	**(1,032)**	**40,556**
Depreciation and amortisation charges	**247,652**	**42,127**	**46,308**	**336,087**
Net impairment losses on financial assets	**89,023**	**169**	**8,939**	**98,131**
Capital expenditure	**334,888**	**30,294**	**59,357**	**424,539**

	As at 31 December 2020			
	Property management and related services other than Three Supplies and Property Management businesses *RMB'000*	**Three Supplies and Property Management businesses** *RMB'000*	**City services business** *RMB'000*	**Total** *RMB'000*
Segment assets	**22,633,310**	**2,756,454**	**3,200,084**	**28,589,848**
Investments accounted for using the equity method	**198,728**	**103,651**	**9,841**	**312,220**
Segment liabilities	**6,567,868**	**2,047,240**	**1,494,697**	**10,109,805**

The segment information provided to 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 businesses	**Three Supplies and Property Management businesses**	**City services business**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from contracts with customers				
Total segment revenue	8,061,169	1,515,373	68,405	9,644,947
Less: inter-segment revenue	—	—	—	—
Revenue from external customers	**8,061,169**	**1,515,373**	**68,405**	**9,644,947**
Timing of revenue recognition:				
Recognised over time	8,061,169	1,515,373	68,405	9,644,947
Segment results	1,798,961	54,456	15,668	1,869,085
Share of results of joint ventures and associates	7,494	334	—	7,828
Depreciation and amortisation charges	93,275	54,315	1,339	148,929
Net impairment losses on financial assets	27,533	3,031	177	30,741
Capital expenditure	98,272	26,219	182	124,673

	As at 31 December 2019			
	Property management and related services other than Three Supplies and Property Management businesses	Three Supplies and Property Management businesses	City services business	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	8,702,566	2,222,775	42,411	10,967,752
Investments accounted for using the equity method	39,250	40,264	—	79,514
Segment liabilities	4,762,459	1,563,202	12,854	6,338,515

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Segment results	**3,328,402**	1,869,085
Realised and unrealised gains from financial assets at FVPL	**342,636**	115,127
Finance income — net	**43,689**	91,900
Profit before income tax	**3,714,727**	2,076,112

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

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Segment assets	**28,589,848**	10,967,752
Deferred income tax assets	**37,957**	10,938
Financial assets at FVOCI	**9,950**	9,950
Financial assets at FVPL	**2,566,122**	1,280,682
Total assets	**31,203,877**	12,269,322

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

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Segment liabilities	**10,169,425**	6,338,515
Deferred income tax liabilities	**509,876**	143,079
Current income tax liabilities	**553,601**	108,202
Bank and other borrowings	**609,399**	—
Convertible bonds	**3,202,538**	—
Total liabilities	**15,044,839**	6,589,796

6. Other gains — net

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Realised and unrealised gains from financial assets at FVPL (Note)	**342,636**	115,127
Net foreign exchange gains	**42,451**	56,315
(Losses)/gains on disposal of property, plant and equipment	**(604)**	30
(Losses)/gains on early termination of lease contracts	**(198)**	19
Loss on disposal of a subsidiary	**—**	(122)
Others	**9,740**	6,735
	394,025	178,104

Note: This mainly represented investment income 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.

7. Expenses by nature

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Employee benefit expenses	**5,131,639**	4,041,604
Cleaning expenses	**2,737,127**	1,356,233
Heating supply costs	**935,897**	845,500
Maintenance expenses	**747,966**	380,443
Utilities	**533,298**	309,578
Security expenses	**357,793**	148,505
Greening and gardening expenses	**313,819**	153,595
Depreciation and amortisation charges	**336,087**	148,929
Cost of information technology hardwares	**202,080**	543
Rental expenses	**157,391**	37,067
Office and communication expenses	**155,780**	90,806
Professional service fees	**128,945**	34,497
Cost of sales of goods	**106,087**	—
Transportation expenses	**108,171**	84,572
Travelling and entertainment expenses	**101,087**	80,187
Net impairment losses on financial assets	**98,131**	30,741
Taxes and surcharges	**66,497**	46,517
Community activities expenses	**42,462**	24,803
Bank charges	**40,847**	11,737
Advertising expenses	**37,223**	4,863
Employee uniform expenses	**26,610**	12,529
Auditor's remuneration		
— Annual audit and interim review services	**8,450**	4,800
— Non audit services	**1,795**	1,650
Other expenses	**109,835**	48,112
Total	**12,485,017**	7,897,811

8. Finance income — net

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Finance income:		
Interest income on bank deposits	**158,446**	94,253
Finance costs:		
Interest expense on convertible bonds	**(101,069)**	—
Interest expense on lease liabilities	**(8,281)**	(2,353)
Interest expense on bank and other borrowings	**(5,407)**	—
	(114,757)	(2,353)
Finance income — net	**43,689**	91,900

9. Income tax expense

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Current income tax — PRC		
— Provision of current income tax	**946,122**	335,335
Deferred income tax		
— Corporate income tax	**(8,252)**	(13,762)
— Withholding income tax on profits to be distributed in future	**(4,800)**	36,148
	(13,052)	22,386
	933,070	357,721

10. Earnings per share

(a) Basic

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

	Year ended 31 December	
	2020	2019
Profit attributable to the owners of the Company *(RMB'000)*	**2,686,128**	1,670,664
Weighted average number of ordinary shares in issue *(thousands shares)*	**2,751,478**	2,663,090
Basic earnings per share *(RMB cents)*	**97.62**	62.73

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has dilutive potential ordinary shares arising from the share option scheme and convertible bonds. For the share option scheme, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share. For the convertible bonds, they are assumed to have been converted into ordinary shares. Interest savings on convertible bonds are adjusted to the extent of the amount charged to the profit attributable to owners of the Company, if applicable. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and the conversion of convertible bonds. For the year ended 31 December 2020, the effect of the convertible bonds was anti-dilutive and therefore not included in the calculation of the diluted earnings per share.

	Year ended 31 December	
	2020	2019
Profit attributable to the owners of the Company *(RMB'000)*	**2,686,128**	1,670,664
Weighted average number of ordinary shares in issue *(thousands shares)*	**2,751,478**	2,663,090
Adjustments — share option schemes *(thousands)*	**37,287**	46,039
Weighted average number of ordinary shares for diluted earnings per share *(thousands shares)*	**2,788,765**	2,709,129
Diluted earnings per share *(RMB cents)*	**96.32**	61.67

11. Dividends

The final dividend in respect of year 2019 of RMB15.14 cents (equivalent to HKD16.58 cents) per share, totalling RMB416,944,000, has been approved at the annual general meeting on 16 June 2020 and paid in cash in August 2020.

The Board recommended the payment of a 2020 final dividend of RMB21.87 cents per share, totalling RMB671,540,000, which has taken into account the expected exercise of share options and conversion of convertible bonds as of the record date for the eligible shareholders. The Eligible Shareholders will be given an option to elect to receive the finial dividend all in new shares or partly in new shares and partly in cash or all in cash. Such dividend is to be approved by the shareholders at the forthcoming annual general meeting. These financial statements do not reflect this dividend payable.

12. Intangible assets

	Software	Property management contracts and customer relationships	Insurance brokerage license	Brand	Concession intangible assets	Goodwill	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(a)	*(b)*	*(c)*		*(d) & (e)*	
At 1 January 2019							
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	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
Year ended 31 December 2020							
Opening net book amount	**44,952**	**341,566**	**—**	**—**	**—**	**1,217,335**	**1,603,853**
Acquisition of subsidiaries *(Note 18)*	**1,444**	**1,191,910**	**28,663**	**193,400**	**93,740**	**3,144,578**	**4,653,735**
Other additions	**34,774**	**—**	**—**	**—**	**844**	**—**	**35,618**
Amortisation	**(10,065)**	**(97,220)**	**(1,443)**	**(7,736)**	**(469)**	**—**	**(116,933)**
Closing net book amount	**71,105**	**1,436,256**	**27,220**	**185,664**	**94,115**	**4,361,913**	**6,176,273**
At 31 December 2020							
Cost	**88,842**	**1,581,329**	**28,663**	**193,400**	**94,584**	**4,364,483**	**6,351,301**
Accumulated amortisation	**(17,737)**	**(142,212)**	**(1,443)**	**(7,736)**	**(469)**	**—**	**(169,597)**
Accumulated impairment	**—**	**(2,861)**	**—**	**—**	**—**	**(2,570)**	**(5,431)**
Net book amount	**71,105**	**1,436,256**	**27,220**	**185,664**	**94,115**	**4,361,913**	**6,176,273**

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

During the year ended 31 December 2020, the Group acquired several property management and sanitation companies (Note 18). Total identifiable net assets of these companies as at their respective acquisition dates amounted to approximately RMB2,154,605,000, including identified contracts and customer relationships of RMB1,191,910,000 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 contracts and customer relationships. The valuation method used is the multi-period excess earnings method. The key assumptions in determining the fair value of contracts and customer relationships are disclosed as follows:

Gross profit margins	10.8%–73.4%
EBITDA margins	3.5%–11.7%
Post-tax discount rates	11.5%–16.6%
Expected useful lives	6 years

(b) ***Insurance brokerage license***

During the year ended 31 December 2020, the Group acquired an insurance brokerage company (Note 18). Total identifiable net assets of the company acquired as at its acquisition date amounted to approximately RMB66,448,000, including identified insurance brokerage license of approximately RMB28,663,000 recognised by the Group. The excess of the consideration transferred 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 insurance brokerage license. The valuation method used is the multi-period excess earnings method. The key assumptions in determining the fair value of insurance brokerage license are disclosed as follows:

Gross profit margin	45.6%
EBITDA margin	21.6%
Post-tax discount rate	11.5%
Expected useful life	12 years

(c) ***Brand***

During the year ended 31 December 2020, the Group acquired a media company (Note 18). Total identifiable net assets of the company acquired as at its acquisition date amounted to approximately RMB286,940,000, including identified brand of approximately RMB1,934,000,000 recognised by the Group. The excess of the consideration transferred 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 brand. The valuation method used is the relief-from-royalty method. The key assumptions in determining the fair value of the brand are disclosed as follows:

Gross profit margin	56.6%
EBITDA margin	26.8%
Post-tax discount rate	17.2%
Expected useful life	10 years

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

Goodwill of RMB1,217,335,000 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 2020. 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	16.2%–47.8%
EBITDA margin during the forecast period	9.9%–32.4%
Terminal growth rate	3.0%
Pre-tax discount rate	17.4%–25.4%

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 2020.

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

Goodwill of RMB3,144,578,000 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%–18.0%
Gross profit margin during the forecast period	11.8%–74.0%
EBITDA margin during the forecast period	4.0%–26.8%
Terminal growth rate	3.0%
Pre-tax discount rate	14.6%–38.2%

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 2020.

13. Trade and other receivables

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Trade receivables (a)		
— Related parties	**179,157**	115,237
— Third parties	**4,204,856**	1,516,618
	4,384,013	1,631,855
Less: allowance for impairment of trade receivables	**(147,600)**	(57,868)
	4,236,413	1,573,987
Other receivables		
— Payments on behalf of property owners	**184,216**	153,197
— Deposits	**208,380**	65,647
— Others	**235,652**	158,419
	628,248	377,263
Less: allowance for impairment of other receivables	**(13,969)**	(10,072)
	614,279	367,191
Prepayments to suppliers	**308,913**	56,670
Prepayments for tax	**83,910**	5,922
	5,243,515	2,003,770

As at 31 December 2020, most of the trade and other receivables were denominated in RMB, and the fair value of trade and other receivables approximated their carrying amounts.

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

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

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

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

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
0–180 days	**3,875,283**	1,333,903
181–365 days	**251,578**	97,389
1 to 2 years	**155,347**	113,267
2 to 3 years	**58,940**	46,661
Over 3 years	**42,865**	40,635
	4,384,013	1,631,855

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2020, a provision of RMB147,600,000 (2019: RMB57,868,000) was made against the gross amounts of trade receivables.

14. Financial assets at fair value through profit or loss

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Wealth management products (i)	**2,069,730**	1,000,052
Investment in a close-ended fund (ii)	**463,365**	280,630
Others	**33,027**	—
	2,566,122	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 8.0% to 10.6%. The fair values of these investments were determined based on the expected return as stipulated in relevant contracts with the counterparties.

(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.

15. Share capital and share premium

	Note	**Number of shares**	**Nominal value of shares**	**Equivalent nominal value of shares**	**Share premium**	**Total**
				RMB'000	*RMB'000*	*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 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020		10,000,000,000	1,000,000			
At 1 January 2019		2,500,000,000	250,000	1,584	—	1,584
Placing of shares		168,761,000	16,876	114	1,679,321	1,679,435
Employee share scheme — exercise of option		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
At 1 January 2020		2,710,893,800	271,089	1,728	1,755,190	1,756,918
Employee share scheme — exercise of options	(a)	48,479,800	4,848	34	78,383	78,417
Placing of shares	(b)	173,000,000	17,300	113	6,526,154	6,526,267
At 31 December 2020		2,932,373,600	293,237	1,875	8,359,727	8,361,602

(a) On 18 March 2020, 17 April 2020, 28 April 2020, 20 May 2020 and 6 July 2020, the Company issued 4,000,000, 3,778,400, 17,433,800, 17,433,800 and 5,833,800 shares as a result of the exercise of share options by certain directors and other eligible participants, respectively, which were granted under the pre-listing share option scheme adopted by the Company in 2018, and raised net proceeds of approximately HKD45,571,000 (equivalent to approximately RMB41,600,000) in total. In addition, the related share-based payments reserve of RMB36,819,000 was transferred to the share premium account as a result of the above exercise of the options.

(b) On 11 December 2020, the Company and the placing agents entered into the placing agreement pursuant to which the Company conditionally agreed to appoint the placing agents, and the placing agents, on a several (not joint nor joint and several) basis, conditionally agreed to act as agents for the Company, and to procure, on a fully underwritten basis, placees to subscribe for (or failing which, to purchase themselves as principals) an aggregate of 173,000,000 Shares at a price of HKD45.00 per Share. On 11 December 2020, the Company issued 173,000,000 shares at a subscription price of HKD45.00 per share and raised net proceeds of approximately HKD7,784,866,000 (equivalent to approximately RMB6,526,267,000).

16. Trade and other payables

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Trade payables (a)		
— Related parties	**20,740**	14,240
— Third parties	**2,152,410**	1,465,991
	2,173,150	1,480,231
Other payables		
— Deposits	**881,459**	608,731
— Temporary receipts from properties owners	**1,001,916**	804,851
— Outstanding considerations payable for business combinations	**1,079,367**	293,177
— Accruals and others	**586,533**	306,055
	3,549,275	2,012,814
Payroll payables	**1,464,830**	1,038,683
Other taxes payables	**288,367**	158,305
	7,475,622	4,690,033

As at 31 December 2020, 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	
	2020	2019
	RMB'000	*RMB'000*
Up to 1 year	**2,117,199**	1,445,228
1 to 2 years	**44,902**	22,410
2 to 3 years	**7,082**	6,053
Over 3 years	**3,967**	6,540
	2,173,150	1,480,231

17. Convertible bonds

On 27 April 2020, a wholly owned subsidiary of the Company, Best Path Global Limited, and UBS AG Hong Kong Branch entered into a subscription agreement for HKD-settled convertible bonds in an aggregate principal amount of HKD3,875,000,000 (equivalent to approximately RMB3,547,524,000) due 18 May 2021, with an initial conversion price of HKD39.68 per share. On 20 May 2020 (the "**Issue Date**"), the convertible bonds were issued. The net proceeds from the issue of the convertible bonds were approximately RMB3,513,592,000, after the deduction of transaction costs approximately RMB33,932,000. The initial value of the liability component of approximately RMB3,379,667,000 (the fair value was calculated using a market interest rate for equivalent non-convertible bonds) is subsequently stated at amortised cost until conversion or maturity of the bonds. The residual amount, representing the value of the equity conversion component, is accounted for as a conversion option reserve included in other reserves.

The convertible bonds recognised are calculated as follows:

	31 December 2020 *RMB'000*
Face value of the convertible bonds on the Issue Date	**3,547,524**
Less: transaction costs	**(33,932)**
Net proceeds	**3,513,592**
Less: equity component	**(133,925)**
Liability component on initial recognition	**3,379,667**
Currency translation differences	**(278,198)**
Interest accrued	**101,069**
Liability component at 31 December 2020	**3,202,538**

Interest expense on the liability component of the convertible bonds were calculated using the effective interest method, applying the effective interest rate of 4.99% per annum.

The convertible bonds were guaranteed by the Company.

Up to 31 December 2020, there has been no conversion or redemption of the convertible bonds.

18. Business combinations

In September 2020, the Group acquired 65% equity interest in City-Media (Shanghai) Corporation Limited(“城市縱橫(上海) 文化傳媒有限公司”) (“**City-Media**”) from third parties at a fixed cash consideration of RMB332,770,000 and a contingent cash consideration not exceeding RMB179,170,000. In October 2020, the Group acquired 70% equity interest in Country Garden Manguo Sanitation Group Company Limited (“碧桂園滿國環境科技集團有限公司”) (“**Manguo**”) from third parties at a fixed cash consideration of RMB1,837,500,000 and a contingent cash consideration not exceeding RMB612,500,000. In October 2020, the Group acquired 60% equity interest in Fujian Dongfei Environment Group Company Limited (“福建東飛環境集團有限公司”) (“**Dongfei**”) from third parties at a fixed cash consideration of RMB871,040,000. The Group also acquired an insurance brokerage company from a related company and several other property management companies from third parties during the current year at an aggregate fixed cash considerations of RMB632,280,000 and a contingent cash consideration not exceeding RMB40,568,000. The above acquired companies have been accounted for as subsidiaries of the Group since their respective acquisition dates.

Details of the purchase considerations, the net assets acquired and goodwill are as follows:

	City-Media	Manguo	Dongfei	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total purchase considerations					
— Fixed cash considerations	332,770	1,837,500	871,040	632,280	3,673,590
— Settled in 2020	332,770	1,822,648	871,040	493,486	3,519,944
— Outstanding as at 31 December 2020	—	14,852	—	138,794	153,646
— Estimated contingent cash consideration	167,738	612,500	—	40,568	820,806
— Settled in 2020	—	—	—	—	—
— Outstanding as at 31 December 2020	167,738	612,500	—	40,568	820,806
	500,508	2,450,000	871,040	672,848	4,494,396
Total recognised amounts of identifiable assets acquired and liabilities assumed are as follows:					
— Property, plant and equipment	1,181	458,129	364,445	9,054	832,809
— Right-of-use assets	36,581	25,575	9,467	—	71,623
— Acquired contracts and customer relationships, brand and insurance brokerage license (Note 12)	193,400	785,552	296,155	138,866	1,413,973
— Other intangible assets (Note 12)	—	81,905	13,244	35	95,184
— Investments accounted for using the equity method	—	500	9,061	—	9,561
— Deferred income tax assets	—	—	—	828	828
— Inventories	—	38,801	23,925	3,106	65,832
— Trade and other receivables	215,113	960,691	551,008	199,756	1,926,568
— Financial assets at FVPL	26,000	—	—	—	26,000
— Restricted bank deposits	—	—	—	26,699	26,699
— Cash and cash equivalents	41,203	147,441	137,555	162,408	488,607
— Trade and other payables	(139,192)	(816,268)	(280,946)	(244,238)	(1,480,644)
— Lease liabilities	(36,991)	(27,195)	(9,635)	—	(73,821)
— Deferred income tax liabilities	(48,350)	(196,388)	(74,377)	(34,543)	(353,658)
— Bank and other borrowings	—	(240,487)	(219,863)	(4,500)	(464,850)
— Contract liabilities	(1,778)	(2,193)	(20,902)	(43,587)	(68,460)
— Current income tax liabilities	(227)	—	—	(8,031)	(8,258)
Total identifiable net assets	286,940	1,216,063	799,137	205,853	2,507,993
Non-controlling interests	(100,429)	(724,955)	(334,483)	1,692	(1,158,175)
Goodwill	313,997	1,958,892	406,386	465,303	3,144,578
	500,508	2,450,000	871,040	672,848	4,494,396

	City-Media	Manguo	Dongfei	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Outflow of cash to acquire business, net of cash acquired:					
Partial settlement of cash considerations	332,770	1,822,648	871,040	493,486	3,519,944
Less: Cash and cash equivalents in the subsidiaries acquired	(41,203)	(147,441)	(137,555)	(162,408)	(488,607)
Net cash outflow on acquisitions	291,567	1,675,207	733,485	331,078	3,031,337

(a) Intangible assets including identified contracts and customer relationships, insurance brokerage license, and brand totaling RMB1,413,973,000 in relation to the acquisitions have been recognised by the Group (Note 12).

(b) The goodwill arose from the acquisitions was mainly attributable to the expected synergies from combining the operations of the Group and the acquired entities.

(c) The acquired businesses contributed total revenues of RMB1,271,099,000 and net profits of RMB234,668,000 to the Group for the period from their respective acquisition dates to 31 December 2020. Had these companies been consolidated from 1 January 2020, the consolidated statements of comprehensive income would show pro-forma revenue of RMB18,952,964,000 and net profit of RMB3,143,195,000.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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 and brands, we have earned a high customer satisfaction rate as well as high recognition in the industry. We have won authoritative awards including "No.1 in terms of Comprehensive Strength" (綜合實力第一), "No.1 in terms of Operational Performance" (經營績效第一) and "No.1 in terms of Service Scale" (服務規模第一) among the "Top 100 Property Management Companies in China in 2020" (2020 年中國物業服務百強企業) granted by China Index Academy; "Top 1 among Property Management Companies in China in terms of Comprehensive Strength" (中國物業企業綜合實力Top 1), "Top 1 of the Top 10 in terms of Investment Value" (投資價值十強 Top 1) and "Top 1 among Top 100 Listed Property Management Companies in China" (中國上市物業企業百強 Top 1) in 2020 granted by YIHAN (億翰智庫); and "Leading Company in City Services and Smart Property Services" (城市服務領先企業、智慧物業服務領先企業) in 2020 granted by China Property Management Research Institution.

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

Property Management Services

We provide property owners, residents and property developers with a series of property management services, including security, cleaning, green landscaping, gardening, repair and maintenance, and other services. During the Year, the revenue from property management services was approximately RMB8,606.7 million, representing a year-on-year growth of approximately 49.7% as compared with 2019 and a decrease in total revenue contribution to approximately 55.2%. Gross profit margin increased by 4.5 percentage points to approximately 34.6%.

The scale and nationwide geographical coverage of our property management business were further expanded. As at 31 December 2020, apart from the "Three Supplies and Property Management" businesses, our contracted GFA was approximately 820.5 million sq.m., representing an increase of approximately 135.8 million sq.m. compared to the end of 2019, while our revenue-bearing GFA was approximately 377.3 million sq.m., representing an increase of approximately 101.2 million sq.m. compared to the end of 2019. In addition, both of the revenue-bearing and contracted GFA of the property management services of the "Three Supplies and Property Management" businesses were 85.2 million sq.m.. Our projects cover more than 360 cities in 31 provinces, municipalities, autonomous regions and Hong Kong Special Administrative Region across China and overseas markets, with a focus on five key economically developed city clusters, including the Pearl River Delta, the Yangtze River Delta, the middle reaches of the Yangtze River, Beijing-Tianjin-Hebei Region and Chengdu-Chongqing Region in China. We manage a total of 3,277 properties and provide property management services to approximately 4.24 million local and overseas property owners and commercial tenants.

Our core competitiveness was highlighted in the increasingly fierce market competition, and our market expansion efforts were strengthened and effective. The sources and business types of our property management portfolio have also become more diversified. During the Year, the revenue and GFA contribution of the property projects developed by independent third-party property developers further increased. We obtained more projects through bidding from the existing markets in which we have established presence than from the incremental markets, and made a breakthrough in obtaining a number of projects in core areas of first-tier cities. The non-residential property projects we manage also became further diversified, covering commercial properties, office buildings, industrial parks, multi-purpose complexes, government buildings, hospitals, schools and other public facilities, such as airport terminals, highway service stations and scenic spots etc.

Community Value-added Services

We are committed to becoming an "integrated whole-cycle community life services operator". By focusing on the family growth cycle of property owners, the property value cycle and the mature development cycle of communities, we strive to provide property owners with comprehensive community life services to meet their needs for asset preservation and appreciation and daily life needs. By integrating community business resources, we are dedicated to letting property owners experience the beauty of property management services. Six major business lines have gradually formed in our community value-added services segment: (i) home services - providing property owners with safe, convenient, professional and considerate full-range home services through a standardized operation system; (ii) home decoration services - integrating well-known home decoration brand resources to provide one-stop home decoration services; (iii) community media services - establishing deep connection between consumers and brands through community media matrix; (iv) value-added innovations services - setting up local consumption scenarios for customers and continuously adapting to the needs of property owners to customize diversified life services; (v) real estate brokerage services - serving the needs of property owners for asset management and further developing second-hand property rental and sale; and (vi) community area services – making full use of community space resources and carrying out business with the aim of providing convenience to the life of property owners and improving their sense of happiness in living.

During the Year, the revenue from community value-added services was approximately RMB1,731.3 million, representing a year-on-year growth of approximately 100.1% as compared with 2019, with its percentage of revenue contribution increasing to approximately 11.1% and its percentage of contribution to the gross profit of the Group increasing to approximately 21.3%. Gross profit margin was approximately 65.1%.

The revenue from community media business increased by approximately 273.6% year-on-year from 2019 to approximately RMB350.4 million. During the Year, we acquired City-Media, a leading elevator advertising service provider in China. Following the acquisition, we promoted the integration of resources and teams of both parties to develop integrated community marketing plans and accelerate the allocation of community media resources. The revenue from value-added innovations services increased by approximately 268.6% year-on-year to approximately RMB533.7 million as compared with 2019. Based on the development model of "service + ecology", we made full use of the "last 100-meter" location advantage in communities to connect to thousands of merchants, and build the "Phoenix Club" online platform for business operation and the exhibition and interaction of offline community pop-up stalls (社區生活驛站), which has developed into a complete service sales channel and improved the consumption experience in community group purchase, and through which we provide property owners with affordable products and high-quality services. The revenue from home decoration services recorded a year-on-year growth of approximately 145.0% to approximately RMB239.6 million as compared with 2019. We took advantage of our access to new property owners by carrying out marketing on project sites in advance. We also developed the existing community market and carried out whole home renovation and partial decoration through targeted marketing to property owners. In addition, we fully upgraded our real estate brokerage service by introducing the new brand "Youwa (有瓦)" for property rental and sales business, building a professional team and expanding our presence in offline rental and sales stores.

Value-added Services to Non-Property Owners

During the Year, the revenue from value-added services to non-property owners was approximately RMB1,369.7 million, with its percentage of revenue contribution to the Group further decreasing to approximately 8.8%. The value-added services we provide to non-property owners mainly include (i) management consultancy services to property developers for their pre-sale activities, as well as consultancy services for properties managed by other property management companies, 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.

"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. We have successfully completed the full takeover of the projects during the Year. As at 31 December 2020, the revenue-bearing GFA and contracted GFA from the property management services of the "Three Supplies and Property Management" businesses were both approximately 85.2 million sq.m.. The revenue-bearing GFA from the heat supply business was approximately 42.3 million sq.m.. During the Year, the revenue from property management business was approximately RMB1,540.2 million, and the revenue from heat supply business was approximately RMB1,159.1 million.

2020 was a "year of strengthening the fundamentals in management" for the "Three Supplies and Property Management" businesses. During the Year, together with our partners, we strived to promote the construction of management system, refined quality management and control, and launched butler service to improve our operation management and service quality. We carried out professional team training for community value-added services, and promoted the introduction of community value-added services such as community media and group purchase. We adopted an open cooperation and sharing model to strengthen market expansion and strategic cooperation; launched a smart operation platform and integrated an Internet of Things system to improve operational management efficiency; and comprehensively promoted the in-depth integration of our teams and partners in order to establish a talent training mechanism with internal driving force.

City Services

The Group is committed to becoming a leading provider of integrated city governance public services in the PRC. We adhere to our strategy of focusing on new urbanization. With "improving governance and environment to benefit business and people" as core value, we promote high-quality development of cities through its three core business, being city public service, city resource management and city digital governance. The "City Co-existence Programme" is a city service product launched by the Group by leveraging its development and 29 years of experience in providing new city services and combining its whole industrial chain advantage, with the core philosophy of "Making cities better with our services", driven by market demand and core technologies and on the basis of sharing ecological partners and resource platforms. Under the programme, the Group strives to achieve the balance between maximizing economic, social and environmental benefits, while maintaining the balance between the comprehensive and long-term benefits of city governance public services.

During the Year, we made progress in the optimization and upgrading of city service products, long-term management of old communities, specialized operation of municipal sanitation and city big-property model verification. The smart city and big property service model represented by the Junliangcheng project in Tianjin, the integrated county sanitation model represented by the Shouyang County project in Shanxi and the industry collaboration integration service model represented by the Xiaoyaowan project in Dalian were all put into practice and taking shape.

In 2020, our city service business expansion was accelerated, and we reached strategic cooperation with Shouyang County of Shanxi Province, Junliangcheng of Tianjin, Jinpu New District of Dalian, Cenxi of Guangxi Province and Yingde of Guangdong Province. In addition, the acquisition and integration of Manguo and Dongfei, both leading companies in the sanitation industry, will further strengthen the Group's municipal sanitation expertise in the field of city services and expand its market share. During the Year, the revenue from city services was approximately RMB884.1 million.

PROSPECTS AND FUTURE PLANS

Continue to upgrade services to deliver new property value through "humanity + technology"

As we enter the era of value service, the means, contents and objects of property services are constantly extending. As an industry pioneer, CG Services always adheres to people-oriented service essence by improving service quality, upgrading services with technologies and expanding ecological service capacity to cater to customer needs. At the same time, in order to meet the needs for property management and people's growing spiritual needs, it moves with the times to deliver innovative service value and is committed to becoming a leading international new property service group.

In the future, CG Services will guide its services with AI algorithms. First, we will use AI algorithms to better understand the needs of property owners. We will review online and offline service contacts and analyze the changes in the needs of property owners in terms of timing and space using the data collected. Second, we will use AI algorithms to provide personalized services. We will match all data contacts with the algorithms to provide customized services and track, measure and optimize such services. Third, we will use AI algorithms to create the ultimate experience. We will fully upgrade the 400-survey system and customer data analysis system and arrange a large number of algorithm engineers for research in order to provide personalized intelligent matching services, with the process from perception to response completed in just 100 milliseconds. These will further enable its service capacity upgrading. At the same time, we will continue to advance the market development of the Tianshi Cloud (天石雲) platform, our digital property service brand, and promote the intelligent upgrading of the property management industry, so that more property owners and users can have better experience brought by intelligent technologies and services.

Build a "customer-oriented" ecological conglomerate to expand ecological service capacity

In the new era of property, we are not just a property management company, but more an ecological conglomerate of property services to develop "new economy" around community life services. We will further develop community life services. By building a professional team, expanding resource integration capability, collaborating with strong partners from various industries and leveraging our natural advantage as a property service provider of close proximity to community scenes and huge private traffic, we will provide diversified services covering the whole-cycle community life of property owners to meet their two major needs. For their needs for asset preservation and appreciation, we will provide asset operation, community insurance and home decoration services, etc. For their daily life needs, we will provide community media, local life, home services and community elderly care services, etc.

We are also committed to building a new ecosystem of industry services. Together with strong partners from various industries, we will establish an industrial strategic alliance platform and make full use of the advantages in market, channels and services to complement each other, so as to achieve mutual benefits and expand brand influence and market share. The building of a new ecosystem will give us stronger resource integration ability and enable us to create a diversified model of life and business cooperation as well as a situation of symbiosis, sharing and co-creation through cross-industry integration to meet the needs of property owners, merchants and urban residents.

Improve city service strategy to build a diversified city service brand

With the acceleration of urbanization in China and the growing marketization rate of the sanitation industry, the sanitation industry showed a trend of steady growth under the favourable policy environment. CG Services expanded into city services by acquiring Manguo and Dongfei, two leading companies in the sanitation industry, to carry out municipal public service business and establish strategic presence. On the basis of successful business cooperation with various government authorities, Manguo and Dongfei will make full use of their advantages in brands, qualifications, industry reputation, professional teams, management experience, vehicles and equipment.

In the future, we will continue to promote the full integration with acquired companies through resource sharing, business collaboration and capital integration to achieve the large-scale development of city services. On one hand, we will firmly implement a comprehensive city big property service model, gradually expand the coverage of our existing mature municipal project business horizontally, seek business with high added value including professional facility operation and maintenance, ecological environment inspection, security and emergency response, and further strengthen our core competitiveness in integrated operation of city services. On the other hand, we will actively seize the market opportunities arising from the needs for digital integration governance of city public services during the 14th Five-Year Plan period. While expanding business scale, we will drive and guide the in-depth application of data element resources with all-scenario service technologies to provide service support for the digital transformation of city governance, facilitate the shift of city development model to achieve high-quality development, and make cities better with our services.

Focus on "big property management" + "big community services" strategy to promote the expansion of the connotation and boundary of services

The property management industry has ushered in the era of value service 4.0, with expanding connotation and boundary of services and upgrading industry models, which has imposed stricter requirements and challenges to property management companies. Diversified and professional services, technical capability and innovative business models will become the core competitiveness of property management companies. CG Services has established strategic presence in specialized areas including city public services, community media, community insurance, professional pest control and elimination and elevator maintenance. In the future, we will vertically explore more professional services, deeply integrate and synergize our resources, and strive to introduce our professional services into a more extensive market. We will provide high-tech and digital facilities and equipment management services and expand horizontally into city services on the basis of the integrated property services through intensive management and technology empowerment; realize the full coverage of asset facilities operation and asset value management through the upgrading of professional capabilities.

CG Services will continue to focus on the business portfolio strategy of "big property management" + "big community services" to explore new services, develop new technologies, build new ecosystem and create new value, and strengthen four core capabilities including service capability, technical capability, channel capability and investing capability. We will create larger room for development through cooperation, mergers and acquisitions and self-growth, build brands trusted by property owners and customers, and continue to promote the realization of the corporate vision of the Group of becoming a "leading international new property service group".

FINANCIAL REVIEW

Revenue

The Group's revenue is mainly derived from (i) property management services, (ii) community value-added services, (iii) value-added services to non-property owners, (iv) "Three Supplies and Property Management" businesses, and (v) city services businesses. For the year ended 31 December 2020, the total revenue increased by approximately 61.7% to approximately RMB15,600.4 million from approximately RMB9,644.9 million for the year ended 31 December 2019.

(1) Property management services

During the Year, the revenue from property management services increased by approximately 49.7% to approximately RMB8,606.7 million from approximately RMB5,748.6 million for the year ended 31 December 2019, accounting for approximately 55.2% of the total revenue (for the corresponding period in 2019: approximately 59.6%).

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

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	(RMB'000)	***(%)***	*(RMB'000)*	*(%)*
Properties developed by the CGH Group	**6,194,744**	**72.0**	4,349,499	75.7
Properties developed by independent third-party property developers	**2,411,958**	**28.0**	1,399,057	24.3
Total	**8,606,702**	**100.0**	5,748,556	100.0

The revenue-bearing GFA increased by approximately 101.2 million sq.m. from approximately 276.1 million sq.m. for the same period in 2019 to approximately 377.3 million sq.m., mainly due to the conversion of reserved GFA of the Group into revenue-bearing GFA during the Year.

(2) Community value-added services

During the Year, the revenue from community value-added services increased by approximately 100.1% to approximately RMB1,731.3 million from approximately RMB865.2 million for the year ended 31 December 2019, accounting for approximately 11.1% of the total revenue (for the corresponding period in 2019: approximately 9.0%).

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

(a) During the Year, the revenue from home services increased by approximately 9.6% to approximately RMB300.9 million from approximately RMB274.6 million for the year ended 31 December 2019.

(b) During the Year, the revenue from home decoration services increased by approximately 145.0% to approximately RMB239.6 million from approximately RMB97.8 million for the year ended 31 December 2019.

(c) During the Year, the revenue from community media services increased by approximately 273.6% to approximately RMB350.4 million from approximately RMB93.8 million for the year ended 31 December 2019.

(d) During the Year, the revenue from value-added innovations services increased by approximately 268.6% to approximately RMB533.7 million from approximately RMB144.8 million for the year ended 31 December 2019.

(e) During the Year, the revenue from real estate brokerage services increased by approximately 27.1% to approximately RMB175.5 million from approximately RMB138.1 million for the year ended 31 December 2019.

(f) During the Year, the revenue from community area services increased by approximately 13.0% to approximately RMB131.2 million from approximately RMB116.1 million for the year ended 31 December 2019.

As discussed above, firstly, the increase in the number of projects under the management of the Group resulted in the increase in the basic resources for the operation of community value-added services; secondly, the Group comprehensively improved the coverage of its traditional business model, optimized the operation model of its community value-added services, activated and consolidated the resources of communities and surrounding areas; at last, the acquisition of City-Media during the Year led to the further increase in the revenue from community media services. All these factors resulted in the overall increase in the revenue from 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 decreased by approximately 3.7% to approximately RMB1,369.7 million from approximately RMB1,422.1 million for the year ended 31 December 2019, accounting for approximately 8.8% of the total revenue (for the corresponding period in 2019: approximately 14.7%).

The decrease in the revenue from value-added services to non-property owners was mainly due to the change of consulting service business model.

(4) Three Supplies and Property Management Businesses

During the Year, the revenue from "Three Supplies and Property Management" businesses currently included the revenue arising from property management services and heat supply services.

Among which, the revenue from property management services increased from approximately RMB525.2 million for the year ended 31 December 2019 to approximately RMB1,540.2 million, and the revenue-bearing GFA of the property management services was approximately 85.2 million sq.m. as at 31 December 2020;

The revenue from heat supply services increased from approximately RMB990.2 million for the year ended 31 December 2019 to approximately RMB1,159.1 million, and the revenue-bearing GFA of the heat supply services was approximately 42.3 million sq.m. as at 31 December 2020.

The increase in the revenue from the "Three Supplies and Property Management" business was mainly due to our successful transition to a stage of total control over it from a stage of gradual takeover in 2019.

(5) City Services

During the Year, the revenue from city services increased from approximately RMB68.4 million for the year ended 31 December 2019 to approximately RMB884.1 million, representing an increase of approximately 1,192.5% and accounting for approximately 5.7% of total revenue (for the corresponding period in 2019: approximately 0.7%). The increase in the revenue from city services was mainly due to the significant business growth arising from the acquisition of Manguo and Dongfei during the Year.

Costs

The Group's costs include (i) staff cost, (ii) cleaning cost, (iii) heat supply cost, (iv) maintenance cost, (v) utilities, (vi) greening and gardening cost, (vii) security expenses, (viii) cost of goods sold, (ix) transportation cost, (x) office and communication cost, (xi) taxes and surcharges, (xii) employee uniform expenses, (xiii) depreciation and amortisation charges, (xiv) community activities cost, (xv) travelling and entertainment cost, (xvi) cleaning cost, (xvii) cost of information technology hardwares, and (xviii) others. During the Year, the costs were approximately RMB10,300.7 million, representing an increase of approximately 56.2% as compared to approximately RMB6,592.7 million for the year ended 31 December 2019. The increase in costs was mainly due to the continuous expansion of the revenue-bearing GFA of the Group and business diversification, resulting in an increase of various costs.

Gross Profit and Gross Profit Margin

During the Year, the overall gross profit increased by approximately RMB2,247.6 million to approximately RMB5,299.8 million from approximately RMB3,052.2 million for the year ended 31 December 2019, representing an increase of approximately 73.6%.

During the Year, the overall gross profit margin increased by 2.4 percentage points to approximately 34.0% from approximately 31.6% for the year ended 31 December 2019, and the overall gross profit margin increased mainly due to the increase in the gross profit margins of property management services and value-added services to non-property owners.

(i) Property management services

During the Year, the gross profit margin of property management services increased by 4.5 percentage points to approximately 34.6% from approximately 30.1% for the year ended 31 December 2019.

The increase in the gross profit margin of property management services was mainly due to (i) the reduction and exemption of social security contributions for enterprises by the State Council and the Ministry of Human Resources and Social Security due to the outbreak of Coronavirus Disease 2019 ("**COVID-19 outbreak**"), which lowered our property management service costs; and (ii) further adjustment to the organizational structure of the Group during the Year, which improved our per capita efficiency and lowered the cost of our property management personnel.

(ii) Community value-added services

During the Year, the gross profit margin of community value-added services decreased by 1.1 percentage points to approximately 65.1% from approximately 66.2% for the year ended 31 December 2019.

The decrease in the gross profit margin of community value-added services was mainly due to the increase in the goods purchase and sale business in the value-added and innovative services which has a relatively low gross profit margin during the Year.

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

During the Year, the gross profit margin of value-added services to non-property owners increased by 4.5 percentage points to approximately 45.5% from approximately 41.0% for the year ended 31 December 2019.

The increase in the gross profit margin of value-added services to non-property owners was mainly due to the increase in the sales and leasing agency services of unsold parking spaces and properties which has a relatively high 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 property management services decreased from approximately 13.4% for the year ended 31 December 2019 to approximately 7.0%, representing a decrease of 6.4 percentage points. The decrease in the gross profit margin of the property management services under the "Three Supplies and Property Management" business was mainly due to the higher cost of facilities maintenance during the Year as a result of old equipment of the properties under the management of the "Three Supplies and Property Management" business.

During the Year, for the "Three Supplies and Property Management" business, the gross profit margin of heat supply services increased from approximately 6.0% for the year ended 31 December 2019 to approximately 8.6%, representing an increase of 2.6 percentage points. The increase in the gross profit margin of the heat supply services was mainly due to the improved efficiency of raw materials following the equipment renewal and upgrade.

(v) City Services

During the Year, the gross profit margin of the city services decreased from approximately 38.7% for the year ended 31 December 2019 to approximately 32.5%, representing a decrease of 6.2 percentage points. The decrease in the gross profit margin of the city services was mainly due to the acquisition of Manguo and Dongfei, which have relatively low gross profit margins during the Year.

Selling and Marketing Expenses

During the Year, selling and marketing expenses were approximately RMB135.8 million, representing an increase of approximately 103.3% as compared with approximately RMB66.8 million for the year ended 31 December 2019.

The increase in selling and marketing expenses was mainly due to the increase in the cost of marketing incurred by the Group during its search for better business and project targets, as well as the increase in the marketing expenses for media business arising from the acquisition of City-Media, a subsidiary, during the Year.

General and Administrative Expenses

During the Year, general and administrative expenses were approximately RMB1,950.5 million, representing an increase of approximately 61.5% as compared with approximately RMB1,207.6 million for the year ended 31 December 2019.

The increase in general and administrative expenses was mainly due to the expansion of the Group's business scale with the increase in its total revenue-bearing GFA, and share based payment expenses of approximately RMB227.0 million arising from the share option scheme adopted during the Year. Share based payment expense increased to approximately RMB233.7 million compared to approximately RMB14.37 million for the same period in 2019. The percentage of general and administrative expenses was approximately 12.5%, consistent with that for the same period in 2019. Excluding the aforesaid share based payment expense factor, the percentage of general and administrative expenses would decrease by 1.4 percentage points to approximately 11.0% compared to approximately 12.4% for the same period in 2019, mainly due to (i) the decrease in the labour cost of management personnel as a result of the reduction and exemption of social security contributions by the State Council and the Ministry of Human Resources and Social Security due to the COVID-19 outbreak; (ii) the fact that the Group continued to innovate organizational and management model and advance regional consolidation measures to lower the percentage of general and administrative expenses.

Other Income

During the Year, other income was approximately RMB121.1 million, representing an increase of approximately 137.0% as compared with approximately RMB51.1 million for the year ended 31 December 2019.

The increase in other income was mainly due to (i) an increase in employment, anti-epidemic subsidies, tax refund and other relevant government subsidies compared to the same period of last year as the Group expanded its business scale; (ii) 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 RMB394.0 million, representing an increase of approximately RMB215.9 million as compared with approximately RMB178.1 million for the year ended 31 December 2019.

The increase in other gains — net was mainly because the realised and unrealised investment return from financial assets at fair value through profit and loss increased by approximately RMB227.5 million as compared with the same period last year.

Finance Income — Net

During the Year, finance income — net was approximately RMB43.7 million, representing a decrease of approximately 52.4% compared with approximately RMB91.9 million for the year ended 31 December 2019.

The decrease in finance income — net was mainly due to (i) an increase in interest income from deposits resulting from higher cash level and more efficient deposit management as compared to that as at the end of the corresponding period last year; (ii) partially offset by the interest expense on convertible bonds during the Year.

Income Tax Expense

During the Year, income tax expense was approximately RMB933.1 million, representing an increase of approximately 160.9% compared to approximately RMB357.7 million for the year ended 31 December 2019.

The increase in income tax expense was mainly due to (i) the income tax rate of a major subsidiary of the Company was changed to 25% from the preferential tax rate of 15% for the same period last year; (ii) the increase in income tax expense due to the increase in total profit before tax of the Group for the year ended 31 December 2020.

Profit for the Year

During the Year, the net profit of the Group was approximately RMB2,781.7 million, representing an increase of approximately 61.9% compared to approximately RMB1,718.4 million for the year ended 31 December 2019.

During the Year, the profit attributable to the owners of the Company increased from approximately RMB1,670.7 million for the year ended 31 December 2019 to approximately RMB2,686.1 million, representing an increase of approximately 60.8%.

During the Year, the profit attributable to the non-controlling interests of the Company increased by approximately 100.2% from approximately RMB47.7 million for the year ended 31 December 2019 to approximately RMB95.5 million.

Property, Plant and Equipment

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

As at 31 December 2020, the property, plant and equipment of the Group was approximately RMB1,249.1 million, representing an increase of approximately RMB937.2 million from approximately RMB311.9 million as at 31 December 2019, mainly due to an increase in procurement of transportation equipment, machinery equipment, electronic equipment and others to meet its business development needs as well as the increase in fixed assets arising from newly acquired companies.

Intangible Assets

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

As at 31 December 2020, the intangible assets of the Group were approximately RMB6,176.3 million, representing an increase of approximately RMB4,572.4 million compared to approximately RMB1,603.9 million as at 31 December 2019, which was mainly due to several equity acquisitions completed by the Group during the Year, resulting in goodwill of approximately RMB3,144.6 million, property management contracts and customer relationships of approximately RMB1,191.9 million, insurance brokerage license of approximately RMB28.7 million, brands of approximately RMB193.4 million and concession intangible assets of approximately RMB93.7 million. Besides, the amortization of property contracts, customer relationships, insurance brokerage license, brands and concession intangible assets arising from the acquisitions during the Year was approximately RMB106.9 million.

Trade and Other Receivables

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

As at 31 December 2020, the Group recorded net trade receivables of approximately RMB4,236.4 million, representing an increase of approximately RMB2,662.4 million compared to approximately RMB1,574.0 million as at 31 December 2019, mainly due to the significant increase in the total revenue of the Group and the increase in receivables arising from newly acquired companies.

The net other receivable increased by approximately 67.3% from approximately RMB367.2 million as at 31 December 2019 to approximately RMB614.3 million as at 31 December 2020, mainly due to the increase in security deposits and utilities, garbage fee paid for property owners and other receivables arising from newly acquired companies.

Financial Assets at Fair Value through Profit or Loss

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

As at 31 December 2020, the balance of financial assets at fair value through profit or loss of the Group amounted to approximately RMB2,566.1 million, increased by approximately RMB1,285.4 million as compared with approximately RMB1,280.7 million at 31 December 2019. Such increase was mainly due to the Group's purchase of new wealth management products for providing yields for its idle funds, the increase in the fair value of investments in closed-end funds at the end of last year, and its acquisition of approximately 3.53% equity interest in Hopefluent Group Holdings Limited during the Year.

Contract Liabilities

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

The contract liabilities increased from approximately RMB1,618.1 million as at 31 December 2019 to approximately RMB2,581.9 million as at 31 December 2020, representing an increase of approximately RMB963.8 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 payable.

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

As at 31 December 2020, trade payables of the Group were approximately RMB2,173.1 million, representing an increase of approximately RMB692.9 million compared to approximately RMB1,480.2 million as at 31 December 2019, 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 RMB2,012.8 million as at 31 December 2019 to approximately RMB3,549.3 million as at 31 December 2020, primarily due to (i) the impact of an increase in deposits from property owners for interior decorations and the income generated from community area services that belong to properties owners; and (ii) the increase in the outstanding consideration payable for business combinations during the Year.

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, repay debt, or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total interest bearing debt divided by total equity.

On 20 May 2020, Best Path Global Limited, a wholly-owned subsidiary of the Company, issued convertible bonds in a principal amount of HKD3,875.0 million, part of which were converted into shares in 2021. As at the date of this announcement, the principal amount of the convertible bonds converted into shares amounted to HKD814.0 million, accounting for 21.0%.

As at 31 December 2020, the bank and other borrowings of the Group amounted to approximately RMB609.4 million (for the corresponding period in 2019: nil), and the balance of its convertible bonds was approximately RMB3,202.5 million.

As at 31 December 2020, the gearing ratio of the Group was approximately 23.6% (31 December 2019: 0%).

Liquidity, Financial and Capital Resources

As at 31 December 2020, total bank deposits and cash (including restricted bank deposits) of the Group were approximately RMB15,341.5 million, representing an increase of approximately RMB8,415.5 million as compared with approximately RMB6,926.0 million as at 31 December 2019. Total bank deposits and cash were denominated in the following currencies:

	31 December 2020		31 December 2019	
	(RMB'000)	***(%)***	*(RMB'000)*	*(%)*
RMB	**6,492,134**	**42.3**	5,822,749	84.1
HKD	**8,799,390**	**57.4**	1,082,229	15.6
Other currencies	**49,971**	**0.3**	21,031	0.3
	15,341,495	**100.0**	6,926,009	100.0

Among which the increase in the percentage of the amounts denominated in HKD was mainly due to the issuance of the HKD settled convertible bonds and the placing of new shares during the Year, with net proceeds of approximately HKD3,875.0 million and HKD7,745.0 million, respectively.

Out of the total bank deposits and cash of the Group, restricted bank deposits of approximately RMB126.3 million (as at 31 December 2019: approximately RMB11.9 million) mainly represented the cash deposits in bank as performance security for property management services according to the requirements of the local government authorities and the deposit made as performance security for business contracts of newly acquired Manguo and Dongfei.

As at 31 December 2020, the net current assets of the Group were approximately RMB9,055.2 million (31 December 2019: approximately RMB3,797.1 million). The current ratio (current assets/current liabilities) of the Group was 1.4 times (31 December 2019: 1.6 times).

Key Risk Factors and Uncertainties

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

Industry Risk

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

Business Risk

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

Foreign Exchange Risk

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

Employees and Remuneration Policies

As at 31 December 2020, the Group had 153,585 employees (31 December 2019: 54,085 employees). During the Year, the total staff costs were approximately RMB5,131.6 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 adopted a share option scheme during the Year, details of which are disclosed in the paragraph headed "Share Option Scheme" of this announcement.

Employee Training and Development

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

Due to the COVID-19 outbreak, the Company organized online training on various subjects in 2020, with approximately 1,100,000 participants and tens of thousands of training hours in total. Such measures ensured the general employees' ability in performing their duties and increased the management level of management cadres at all levels, thus provided timely and effectively support for the Company's business development.

Charge on Assets

As at 31 December 2020, Manguo and Dongfei, both newly acquired subsidiaries of the Group, had pledged assets including real estate and equipment as well as trade receivables in favour of banks and financial leasing companies respectively in respect of the borrowings and the sale and leaseback financing loan business from banks and financial leasing companies for the operational needs of certain city service projects.

Contingent Liabilities

As at 31 December 2020, the Group did not have any material contingent liabilities.

DIVIDENDS

The final dividend for 2019 was RMB15.14 cents (equivalent to HKD16.58 cents) per share, totalling RMB416.94 million, has been approved at the Annual General Meeting held on 16 June 2020 and were paid in cash in August 2020.

The Board of directors recommended the payment of a final dividend for a 2020 final dividend of RMB21.87 cents per share, totalling RMB671.54 million, which has taken into account the expected exercise of share options and conversion of the convertible bonds as of the record date for the eligible shareholders. Such dividend is subject to the approval by the shareholders at the forthcoming Annual General Meeting. These financial statements do not reflect this dividend payable.

PLACING OF NEW SHARES UNDER THE GENERAL MANDATE

On 11 December 2020, the Company and China International Capital Corporation Hong Kong Securities Limited, J.P. Morgan Securities Plc and UBS AG Hong Kong Branch (the "**Placing Agents**"), entered into a placing agreement, pursuant to which the Company conditionally agreed to appoint the Placing Agents, and the Placing Agents, on a several (not joint nor joint and several) basis, conditionally agreed to act as agents for the Company, and to procure, on a fully underwritten basis, placees to subscribe for (or failing which, to purchase themselves as principals) an aggregate of 173,000,000 Shares at a price of HKD45.00 per Share (the "**Placing**"). The Directors consider that the Placing represents an opportunity to raise capital for the Company while broadening its Shareholder and capital base, and that the Placing will strengthen the financial position and liquidity of the Group and provide funding to the Group for working capital and future development purposes without incurring interest costs and the gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing are estimated to be approximately HKD7,785 million and approximately HKD7,745 million, respectively. For details, please refer to the announcements of the Company dated 10 December 2020 and 11 December 2020.

CONVERTIBLE BONDS

On 27 April 2020 (after trading hours), the Company, Best Path Global Limited (the "**Issuer**", a wholly-owned subsidiary of the Company) and UBS AG Hong Kong Branch (the "**Sole Lead Manager**") entered into an agreement in relation to the issue of convertible bonds (the "**Bonds**"), pursuant to which the Sole Lead Manager agreed to subscribe for or procure subscribers to subscribe for the Bonds with a total principal amount of HKD3,875 million to be issued by the Issuer. The Bonds are guaranteed unconditionally and irrevocably by the Company. Based on the initial conversion price of HKD39.68 per Share and assuming that the Bonds will be converted in full at the initial conversion price, the Bonds will be converted into 97,656,250 Shares, representing approximately 3.59% of the issued share capital of the Company as at 28 April 2020 and approximately 3.47% of the share capital of the Company enlarged by the issue of conversion shares upon full conversion of the Bonds.

The gross proceeds from the issue of the Bonds were HKD3,875 million. The net proceeds received by the Company from the issue of the Bonds were approximately HKD3,837.9 million after deducting related fees and expenses. The Company intends to use the net proceeds for potential future merger and acquisition, strategic investments, working capital and general corporate purposes.

As at 31 December 2020, no Bonds had been converted, nor were there any Shares issued under the Bonds.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

DISCLOSEABLE TRANSACTION RELATING TO THE PAYMENT OF DEPOSIT FOR THE POSSIBLE TRANSACTION AND ADVANCE TO AN ENTITY

On 23 February 2021, Country Garden Property Services HK Holdings Company Limited (碧桂園物業香港控股有限公司), a wholly-owned subsidiary of the Company, (the "**Subsidiary**") entered into a memorandum of understanding (the "**MOU**") with Sichuan Languang Hejun Industries Co., Ltd. ("**Languang Hejun**") in respect of a possible acquisition of 115,090,200 H shares in Sichuan Languang Justbon Services Group Co., Ltd.(四川藍光嘉寶服務集團股份有限公司) (the "**Target**"), a joint stock company incorporated in the People's Republic of China with limited liability (stock code: 2606) (representing approximately 64.62% equity interest in the Target) by the Subsidiary from Languang Hejun at a price of RMB42.1105 per H share (the "**Possible Transaction**").

On 11 March 2021, Languang Hejun and the Subsidiary entered into a supplemental memorandum of understanding (the "**Supplemental MOU**") to amend the MOU, to the effect that (a) the Subsidiary intends to acquire 115,090,200 H shares and 750,000 domestic shares in the Target (representing approximately 65.04% equity interests in the Target) from Languang Hejun at a price of RMB42.8546 per H share or per domestic share; and (b) the Subsidiary shall pay a deposit (without interests) equivalent to the amount of RMB1,985.67 million (the "**Deposit**") (comprising RMB500 million and HKD1,774.63 million*) to Languang Hejun and Languang Hejun shall execute a share charge over 106,861,296 H shares of the Target (representing approximately 60% of the entire equity interests in the Target) (the "**Share Charge**") in favour of Country Garden Life Services Group Co., Ltd.* (碧桂園生活服務集團股份有限公司), a wholly-owned subsidiary of the Subsidiary. Under the Share Charge, the Subsidiary will have security interest over 106,861,296 H shares of the Target (representing approximately 60% of the entire equity interests in the Target) (the "**Charged Shares**").

In connection with the Possible Transaction, the general offer obligation under the Takeovers Code may be triggered on the part of the Subsidiary under the Takeovers Code and the offer price per share will be not less than the higher of (i) the price paid by the Subsidiary to Languang Hejun, and (ii) the Hong Kong dollar equivalent of RMB42.8546. The Group will fund the Deposit and the Possible Transaction by internal financial resources.

The Possible Transaction will complement the Group's business by providing a regional advantage to the Group, expanding the scale and coverage of the Group's business, improving the Group's economies of scale in the region and facilitating the development of the Group's community value-added services and other services. This will also enhance the Group's influence and competitiveness in the market and contribute to the Group's stable long-term development. For details, please refer to the announcements of the Company dated 25 February 2021 and 11 March 2021.

**Note:* RMB has been converted to HK$ at the rate of HK$1 = RMB0.83717 for illustration purpose only.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated balance sheet, and the related notes thereto for the year ended 31 December 2020 as set out in this results announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2020. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this results announcement.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, and overseeing the audit process. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Rui Meng, Mr. Mei Wenjue and Mr. Chen Weiru. Mr. Rui Meng is the chairman of the Audit Committee. The Audit Committee and the management have discussed and reviewed the annual results and consolidated accounts of the Group for the year ended 31 December 2020.

CORPORATE GOVERNANCE CODE

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

During the year ended 31 December 2020, the Company had adopted and complied with all applicable code provisions set out in the Corporate Governance Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

The Company has made specific enquiry to all Directors on whether the Directors have complied with the required standard as set out in the Model Code during the year ended 31 December 2020 and all Directors have confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the Year.

No incident of non-compliance was found by the Company during the year ended 31 December 2020.

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

As at 31 December 2020, the interests and short positions of the Directors and chief executives of the Company in the shares of the Company ("**Shares**"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the "**SFO**"), which were required to be entered in the register pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions in the Shares and underlying shares of the Company

Name of Director	Capacity	Number of Shares held	Number of interests in underlying shares held under equity derivatives	Total	% of total Shares in issue as at 31 December 2020	Number of debentures held
Ms. Yang Huiyan	Interest of controlled corporations	1,451,120,428(1)	—	1,451,120,428	49.49%	—
Ms. Wu Bijun	Beneficial owner	5,095,190(3)	3,889,200(2)	8,984,390	0.31%	—
Mr. Li Changjiang	Beneficial owner	4,732,000(4)	10,889,200(2)(7)	15,621,200	0.53%	—
Mr. Xiao Hua	Beneficial owner	1,667,037(5)	3,628,600(2)(7)	5,295,637	0.18%	—
Mr. Guo Zhanjun	Beneficial owner	1,645,500(6)	3,409,700(2)(7)	5,055,200	0.17%	—
Mr. Yang Zhicheng	Beneficial owner	—	4,000,000(7)	4,000,000	0.14%	—

Notes:

(1) As at 31 December 2020, Concrete Win Limited ("**Concrete Win**") and Fortune Warrior Global Limited ("**Fortune Warrior**") held 1,326,120,428 Shares and 125,000,000 Shares, respectively. Concrete Win and Fortune Warrior are beneficially wholly-owned by Ms. Yang Huiyan. By virtue of the SFO, Ms. Yang Huiyan is deemed to be interested in the same number of Shares in which Concrete Win and Fortune Warrior were interested.

(2) The relevant interests are unlisted physically settled options granted pursuant to the Company's pre-listing share option scheme, which was adopted by the then Shareholders on 13 March 2018 ("**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 at HKD0.94 each will be issued. The share options are personal to the respective Directors.

(3) These Shares represent 56,190 Shares distributed to Ms. Wu Bijun by virtue of the shares of CGH held by her prior to the spin-off and separate listing of the Shares on the Main Board of the Stock Exchange, 177,000 Shares purchased by Ms. Wu Bijun from the secondary market and 4,862,000 Shares issued to Ms. Wu Bijun upon her exercise of the options granted to her under the Pre-Listing Share Option Scheme.

(4) These Shares represent 4,732,000 Shares issued to Mr. Li Changjiang upon his exercise of the options granted to him under the Pre-Listing Share Option Scheme.

(5) These Shares represent 37 Shares 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 on the Main Board of the Stock Exchange and 1,667,000 Shares issued to Mr. Xiao Hua upon his exercise of the options granted to him under the Pre-Listing Share Option Scheme.

(6) These Shares represent 1,645,500 Shares issued to Mr. Guo Zhanjun upon his exercise of the options granted to him under the Pre-Listing Share Option Scheme.

(7) The relevant interests are unlisted physically settled options granted pursuant to the Company's share option scheme, which was adopted by the then Shareholders on 28 September 2020 ("**Share Option Scheme**"). Upon exercise of the share options in accordance with the Share Option Scheme, the corresponding number of ordinary Shares will be issued at HKD50.07 per Share. The share options are personal to the respective Directors.

Save as disclosed above, as at 31 December 2020, 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 2020, as set out in the register kept under Section 336 of the SFO, the following companies and persons (other than the Directors and chief executives of the Company) had interests or short positions in the Shares and underlying shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Capacity	Number of Shares held or interested	Approximate % of interest in the total number of Shares in issue
Concrete Win	Beneficial owner	1,326,120,428 (L)	45.22%
Mr. Chen Chong[(1)]	Interest of spouse	1,451,120,428 (L)	49.49%
JPMorgan Chase & Co.[(2)]	Interest of controlled corporation	50,024,875 (L)	1.71%
		41,541,577 (S)	1.42%
	Investment manager	46,025,212 (L)	1.57%
	Person having a security interest in shares	20,870,633 (L)	0.71%
	Approved lending agent	46,500,758 (L)	1.59%

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 Positions in Shares, Underlying Shares and Debentures of the Company".

(2) JPMorgan Chase & Co. is interested in 163,421,478 Shares (long position, of which 46,500,758 Shares are in a lending pool) and 41,541,577 Shares (short position), accounting for approximately 5.57% and 1.42% of Shares in issue, respectively. As shown in the Disclosure of Interests, these interests in Shares are held by JPMorgan Asset Management (Asia Pacific) Limited (a corporation held indirectly by JPMorgan Chase & Co. as to 99.99% control) and other corporations controlled directly or indirectly by JPMorgan Chase & Co as to 100% control. Among which, 31,122,307 Shares (long position) and 9,515,459 Shares (short position) are derivatives interests, including 547,700 Shares (short position) as cash-settled listed derivatives, 8,100,000 Shares (long position) and 7,960,000 Shares (short position) as cash-settled unlisted derivatives, 5,708,800 Shares (long position) and 1,007,759 Shares (short position) as physically settled unlisted derivatives and 17,313,507 Shares (long position) as convertible instruments of listed derivatives.

Save as disclosed above, as at 31 December 2020, the Company had not been notified of any other person (other than the Directors or chief executives of the Company) who was recorded in the register of the Company as having an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

Share Option Scheme

The shareholders of the Company (the "**Shareholders**") approved and adopted the Share Option Scheme at the extraordinary general meeting of the Company held on 28 September 2020, which is for a term of 10 years from the date of its adoption and will expire on 27 September 2030.

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

During the year ended 31 December 2020, the Company granted options to eligible persons to subscribe for 71,500,000 Shares in total in accordance with the terms of the Share Option Scheme. Such options had a fair value of HKD50.07 per Share on the date of grant.

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

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of RMB21.87 cents per Share for the year ended 31 December 2020 (2019: RMB15.14 cents per Share) to Shareholders whose names appear on the register of members of the Company on Monday, 7 June 2021 (the "**Eligible Shareholders**").

The proposed final dividend shall be declared in RMB and paid in Hong Kong dollars. The final dividend payable in Hong Kong dollars will be converted from RMB at the average central parity rate of RMB to Hong Kong dollars as announced by the People's Bank of China for the period from Tuesday, 1 June 2021 to Monday, 7 June 2021. The Eligible Shareholders will be given an option to elect to receive the final dividend all in new Shares or partly in new Shares and partly in cash or all in cash (the "**Scrip Dividend Scheme**"). The new Shares will, on issue, rank pari passu in all respects with the existing Shares in issue on the date of the allotment and issue of the new Shares except that they shall not be entitled to the proposed final dividend.

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

A circular giving full details of the Scrip Dividend Scheme together with the relevant form of election will be sent to the Eligible Shareholders on or around Friday, 30 July 2021. It is expected that the final dividend warrants and certificates for the new Shares (in case the Eligible Shareholders have elected to receive part or all their final dividend in the form of new Shares) will be despatched to the Eligible Shareholders at their own risk on or around Monday, 30 August 2021.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the eligibility of the Shareholders to attend, speak and vote at the forthcoming annual general meeting of the Company (the "**2021 AGM**"), and the Eligible Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed as appropriate as set out below:

(i) For determining the Shareholders' eligibility to attend, speak and vote at the 2021 AGM:

Latest time to lodge transfer documents for registration with the Company's Hong Kong branch share registrar and transfer office	At 4:30 p.m. on Monday, 24 May 2021
Record date	Monday, 24 May 2021
Closure of the register of members of the Company	Tuesday, 25 May 2021 to Friday, 28 May 2021 (both days inclusive)

(ii) Subject to the passing of the proposal for distributing the final dividend at the 2021 AGM, for determining the Eligible Shareholders' entitlement to the proposed final dividend:

Latest time to lodge transfer documents for registration with the Company's Hong Kong branch share registrar and transfer office	At 4:30 p.m. on Thursday, 3 June 2021
Closure of the register of members of the Company	Friday, 4 June 2021 to Monday, 7 June 2021 (both days inclusive)
Record date	Monday, 7 June 2021

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

PUBLICATION OF ANNUAL RESULTS

This annual results announcement has been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.bgyfw.com). The Company's 2020 annual report will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company on or before 30 April 2021.

ACKNOWLEDGMENTS

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

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

Foshan, China, 22 March 2021

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.

* *For identification purposes only*