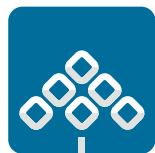


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碧桂园服务
COUNTRY GARDEN SERVICES

COUNTRY GARDEN SERVICES HOLDINGS COMPANY LIMITED

碧桂园服务控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6098)

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

FINANCIAL HIGHLIGHTS

- The revenue of the Group for the Period increased from approximately RMB11,559.8 million for the same period in 2021 to approximately RMB20,055.4 million, representing an increase of approximately 73.5%.
- The gross profit of the Group for the Period increased from approximately RMB3,859.7 million for the same period in 2021 to approximately RMB5,387.0 million, representing an increase of approximately 39.6%.
- During the Period, the percentage of general and administrative expenses of the Group decreased by 0.9 percentage points to approximately 9.7% compared to approximately 10.6% for the same period in 2021.
- The net profit of the Group for the Period increased from approximately RMB2,226.2 million for the same period in 2021 to approximately RMB2,751.9 million, representing an increase of approximately 23.6%. Of which, affected by borrowing costs of convertible bonds, share-based payment expenses, unrealised gains from financial assets at fair value through profit or loss and amortisation charges of intangible assets – contracts and customer relationships, insurance brokerage license and brands – arising from mergers and acquisitions, the net profit for the Period decreased by approximately RMB348.0 million in total (for the same period in 2021: approximately RMB128.2 million).
- During the Period, the profit attributable to the owners of the Company increased from approximately RMB2,113.0 million for the same period in 2021 to approximately RMB2,575.8 million, representing an increase of approximately 21.9%. The core net profit* attributable to the owners of the Company increased from approximately RMB2,214.5 million for the same period in 2021 to approximately RMB2,891.0 million, representing an increase of approximately 30.5%.

- During the Period, the basic earnings per share increased from approximately RMB69.87 cents for the same period in 2021 to approximately RMB76.51 cents, representing an increase of approximately 9.5%.
- During the Period, the diluted earnings per share increased from approximately RMB69.81 cents for the same period in 2021 to approximately RMB76.51 cents, representing an increase of approximately 9.6%.
- As at 30 June 2022, the total bank deposits and cash of the Group were approximately RMB8,990.7 million (31 December 2021: approximately RMB11,755.9 million). The net cash generated from operating activities of the Group increased from approximately RMB503.1 million for the same period in 2021 to approximately RMB2,346.3 million, representing an increase of approximately 366.4%. Net cash generated from operating activities for the Period was 0.9 times (for the same period in 2021: 0.2 times) the net profit for the Period.
- As at 30 June 2022, the revenue-bearing gross floor area (“GFA”) of the property management services other than the “Three Supplies and Property Management” businesses of the Group increased by approximately 77.5 million sq.m. to approximately 843.2 million sq.m. from approximately 765.7 million sq.m. as at 31 December 2021, and the contracted GFA of the property management services other than the “Three Supplies and Property Management” businesses increased by approximately 171.0 million sq.m. to approximately 1,608.9 million sq.m. from approximately 1,437.9 million sq.m. as at 31 December 2021. In addition, the contracted GFA of the property management services of the property management services of the “Three Supplies and Property Management” businesses was approximately 85.3 million sq.m. and the revenue-bearing GFA of the property management services of the “Three Supplies and Property Management” businesses was approximately 85.2 million sq.m. as at 30 June 2022.

* Core net profit attributable to the owners of the Company excluding borrowing costs of convertible bonds, share-based payment expenses, unrealised gains from financial assets at fair value through profit or loss and amortisation charges of intangible assets – contracts and customer relationships, insurance brokerage license and brands – arising from mergers and acquisitions.

Faced with challenges of complex external situations, Country Garden Services Holdings Company Limited (the “**Company**” or “**CG Services**”) has always adhered to the solid implementation of the new development philosophy and the people-centered development philosophy to ensure stable business operations and protect the safety of customers and employees, improve people’s livelihood with high-quality and diversified property services, actively respond to the call of national policies, and grow resiliently to provide residents with services for a better life.

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**” or “**we**”) for the six months ended 30 June 2022 (the “**Period**”) as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited	
		Six months ended 30 June	
		2022	2021
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	5	20,055,434	11,559,848
Cost of services	7	(14,023,176)	(7,603,528)
Cost of sales of goods	7	(645,307)	(96,581)
		<hr/>	<hr/>
Gross profit		5,386,951	3,859,739
Selling and marketing expenses	7	(161,499)	(104,494)
General and administrative expenses	7	(1,939,072)	(1,224,005)
Net impairment losses on financial assets	7	(192,511)	(35,611)
Other income		174,770	90,587
Other gains — net	6	357,840	424,754
		<hr/>	<hr/>
Operating profit		3,626,479	3,010,970
Finance income	8	60,480	53,245
Finance costs	8	(140,565)	(69,537)
Finance costs — net	8	(80,085)	(16,292)
Share of results of investments accounted for using the equity method		24,271	5,849
		<hr/>	<hr/>
Profit before income tax		3,570,665	3,000,527
Income tax expense	9	(818,746)	(774,302)
		<hr/>	<hr/>
Profit for the period		2,751,919	2,226,225
		<hr/>	<hr/>
Profit attributable to:			
— Owners of the Company		2,575,786	2,113,001
— Non-controlling interests		176,133	113,224
		<hr/>	<hr/>
		2,751,919	2,226,225
		<hr/>	<hr/>

		Unaudited	
		Six months ended 30 June	
		2022	2021
	<i>Note</i>	RMB'000	RMB'000
Other comprehensive income			
Items that may be reclassified to profit or loss:			
— Currency translation differences		(15,435)	(80,921)
Items that will not be reclassified to profit or loss:			
— Changes in fair value of financial assets at fair value through other comprehensive income		130,974	—
Total other comprehensive income for the period, net of tax		115,539	(80,921)
Total comprehensive income for the period		2,867,458	2,145,304
Total comprehensive income attributable to:			
— Owners of the Company		2,694,277	2,032,080
— Non-controlling interests		173,181	113,224
		2,867,458	2,145,304
Earnings per share for profit attributable to owners of the Company (expressed in RMB cents per share)			
— Basic	<i>10</i>	76.51	69.87
— Diluted	<i>10</i>	76.51	69.81

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited At 30 June 2022 <i>RMB'000</i>	Audited At 31 December 2021 <i>RMB'000</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		1,403,057	1,365,576
Right-of-use assets		262,833	263,688
Investment properties		1,148,128	936,082
Intangible assets	12	28,426,725	27,944,798
Investments accounted for using the equity method		419,373	397,750
Financial assets at fair value through other comprehensive income		4,078,525	4,164,466
Contract assets		414,207	390,725
Deferred income tax assets		194,092	149,177
		36,346,940	35,612,262
Current assets			
Inventories		187,243	210,514
Trade and other receivables	13	18,590,403	15,577,884
Financial assets at fair value through profit and loss	14	3,802,586	3,656,197
Restricted bank deposits		174,339	137,282
Cash and cash equivalents		8,816,333	11,618,619
		31,570,904	31,200,496
Total assets		67,917,844	66,812,758
EQUITY			
Equity attributable to owners of the Company			
Share capital and share premium	15	27,213,853	27,202,614
Other reserves		596,951	468,640
Retained earnings		10,083,180	8,515,620
		37,893,984	36,186,874
Non-controlling interests		2,345,619	2,186,619
Total equity		40,239,603	38,373,493

		Unaudited	Audited
		At	At
		30 June	31 December
		2022	2021
	<i>Note</i>	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Bank and other borrowings		508,754	442,175
Lease liabilities		1,139,059	931,685
Deferred income tax liabilities		2,274,725	2,274,849
		<u>3,922,538</u>	<u>3,648,709</u>
Current liabilities			
Contract liabilities		5,610,172	4,535,710
Trade and other payables	16	15,702,177	14,412,941
Current income tax liabilities		822,495	887,709
Convertible bonds		–	4,064,827
Bank and other borrowings		1,355,683	680,363
Lease liabilities		265,176	209,006
		<u>23,755,703</u>	<u>24,790,556</u>
Total liabilities		<u>27,678,241</u>	<u>28,439,265</u>
Total equity and liabilities		<u>67,917,844</u>	<u>66,812,758</u>

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

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

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

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

This interim financial information for the six months ended 30 June 2022 (“**Interim Financial Information**”) is presented in Renminbi (“**RMB**”), unless otherwise stated.

2. BASIS OF PREPARATION

This Interim Financial Information has been prepared in accordance with the Hong Kong Accounting Standard (“**HKAS**”) 34, ‘Interim Financial Reporting’. This Interim Financial Information should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2021 (“**2021 Financial Statements**”), which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) and the disclosure requirements of the Hong Kong Companies Ordinance, and any public announcement made by the Company during the interim reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those as described in the 2021 Financial Statements, except for the adoption of new and amendments to HKFRSs effective for reporting period commencing on or after 1 January 2022 below. Income tax expense was recognised based on management's estimate of the annual income tax rate expected for the full financial year.

- (a) The adoption of the amendments to HKFRSs effective for reporting period commencing on or after 1 January 2022 did not have a material impact to the Group.
- (b) Except for Amendments to Accounting Guideline 5, HKAS 16, HKAS 37, HKFRS 3 and Annual Improvements, which become effective this period, new and revised standards and amendments to existing standards that have been issued and relevant to the Group but are not effective for the financial year beginning on 1 January 2022 and have not been early adopted are as follows:

		Effective for annual periods beginning on or after
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of financial statements — classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to HKAS 8	Definition of accounting estimates	1 January 2023
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

None of these is expected to have a significant impact on the Group's accounting policies.

4. JUDGEMENTS AND ESTIMATES

The preparation of Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2021 Financial Statements.

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.

The Group is principally engaged in the provision of property management services, community value-added services, value-added services to non-property owners, water, electricity and heat supplies and property management services under the state-owned enterprises separation and reform program (hereinafter referred to as “**Three Supplies and Property Management**”), city services and commercial operational services in the PRC.

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

- Property management and related services other than Three Supplies and Property Management businesses, which include property management services, community value-added services and value-added services to non-property owners;
- Three Supplies and Property Management businesses;
- City services business, which includes sanitation, cleaning and sewage and waste treatment business; and
- Commercial operational services 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, investment properties, intangible assets, investments accounted for using the equity method, contract assets, inventories, receivables, and operating cash. They exclude deferred income tax assets, financial assets at fair value through other comprehensive income (“**FVOCI**”) and financial assets at fair value through profit or loss (“**FVPL**”). Segment liabilities consist primarily of operating liabilities. They exclude current and deferred income tax liabilities, convertible bonds, bank and other borrowings and dividend payables.

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

Revenue mainly comprises of proceeds from provision of property management services, community value-added services, value-added services to non-property owners, heat supply services, city services and commercial operational services. An analysis of the Group's revenue by category for the six months ended 30 June 2022 and 2021 is as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Revenue from property management and related services other than Three Supplies and Property Management businesses		
— Property management services	10,986,321	5,172,302
— Community value-added services	2,112,282	1,398,273
— Value-added services to non-property owners	1,424,001	1,058,259
— Other services	77,762	112,037
	14,600,366	7,740,871
Revenue from Three Supplies and Property Management businesses		
— Property management and other related services	1,508,450	924,348
— Heat supply services	722,537	659,552
	2,230,987	1,583,900
Revenue from city services business	2,635,235	2,095,043
Revenue from commercial operational services business	588,846	140,034
	20,055,434	11,559,848

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the six months ended 30 June 2022 and 2021.

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

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

The segment information provided to the CODM of the Company for the reportable segments is as follows:

	Six months ended 30 June 2022				
	Property management and related services other than Three Supplies and Property Management <i>RMB'000</i>	Three Supplies and Property Management <i>RMB'000</i>	City services business <i>RMB'000</i>	Commercial operational services <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from contracts with customers	14,608,474	2,230,987	2,640,458	519,320	19,999,239
Recognised over time	14,298,172	2,011,495	2,281,770	519,320	19,110,757
Recognised at a point time	310,302	219,492	358,688	–	888,482
Revenue from other source	–	–	–	69,526	69,526
Rental income	–	–	–	69,526	69,526
Total segment revenue	14,608,474	2,230,987	2,640,458	588,846	20,068,765
Less: inter-segment revenue	(8,108)	–	(5,223)	–	(13,331)
Revenue from external customers	14,600,366	2,230,987	2,635,235	588,846	20,055,434
Segment results	2,907,203	24,317	421,492	139,854	3,492,866
Share of results of investments accounted for using the equity method	22,221	366	1,684	–	24,271
Depreciation and amortisation charges	643,544	35,439	157,758	70,000	906,741
Net impairment losses on financial assets	143,784	20,112	24,575	4,040	192,511
Capital expenditure	364,205	87,694	148,760	309,090	909,749
	At 30 June 2022				
	Property management and related services other than Three Supplies and Property Management <i>RMB'000</i>	Three Supplies and Property Management <i>RMB'000</i>	City services business <i>RMB'000</i>	Commercial operational services <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	50,216,945	2,704,332	4,930,780	1,990,584	59,842,641
Investments accounted for using the equity method	255,784	146,697	16,892	–	419,373
Segment liabilities	16,426,696	1,978,603	1,583,488	1,690,491	21,679,278

Six months ended 30 June 2021

	Property management and related services other than Three Supplies and Property Management <i>RMB'000</i>	Three Supplies and Property Management <i>RMB'000</i>	City services business <i>RMB'000</i>	Commercial operational services <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from contracts with customers	7,740,871	1,583,900	2,130,868	140,034	11,595,673
Recognised over time	7,579,069	1,566,965	2,111,637	140,034	11,397,705
Recognised at a point time	161,802	16,935	19,231	–	197,968
Revenue from other source	–	–	–	–	–
Rental income	–	–	–	–	–
Total segment revenue	7,740,871	1,583,900	2,130,868	140,034	11,595,673
Less: inter-segment revenue	–	–	(35,825)	–	(35,825)
Revenue from external customers	<u>7,740,871</u>	<u>1,583,900</u>	<u>2,095,043</u>	<u>140,034</u>	<u>11,559,848</u>
Segment results	<u>2,423,049</u>	<u>6,041</u>	<u>324,617</u>	<u>52,276</u>	<u>2,805,983</u>
Share of results of investments accounted for using the equity method	4,369	1,288	192	–	5,849
Depreciation and amortisation charges	260,156	24,554	117,630	18,352	420,692
Net impairment losses on financial assets	21,946	4,430	7,914	1,321	35,611
Capital expenditure	<u>178,295</u>	<u>30,373</u>	<u>42,659</u>	<u>967,264</u>	<u>1,218,591</u>

At 31 December 2021

	Property management and related services other than Three Supplies and Property Management <i>RMB'000</i>	Three Supplies and Property Management <i>RMB'000</i>	City services business <i>RMB'000</i>	Commercial operational services <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	<u>50,423,411</u>	<u>2,720,253</u>	<u>4,158,159</u>	<u>1,541,095</u>	<u>58,842,918</u>
Investments accounted for using the equity method	<u>273,927</u>	<u>114,904</u>	<u>8,919</u>	<u>–</u>	<u>397,750</u>
Segment liabilities	<u>15,186,014</u>	<u>2,058,589</u>	<u>1,453,133</u>	<u>1,391,606</u>	<u>20,089,342</u>

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

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Segment results	3,492,866	2,805,983
Realised and unrealised gains from financial assets at FVPL	157,884	210,836
Finance costs — net	(80,085)	(16,292)
	<hr/>	<hr/>
Profit before income tax	3,570,665	3,000,527
	<hr/>	<hr/>

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

	At 30 June	At 31 December
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Segment assets	59,842,641	58,842,918
Deferred income tax assets	194,092	149,177
Financial assets at fair value through other comprehensive income	4,078,525	4,164,466
Financial assets at fair value through profit and loss	3,802,586	3,656,197
	<hr/>	<hr/>
Total assets	67,917,844	66,812,758
	<hr/>	<hr/>

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

	At 30 June	At 31 December
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Segment liabilities	21,679,278	20,089,342
Convertible bonds	–	4,064,827
Dividend payables (<i>note 16</i>)	1,037,306	–
Deferred income tax liabilities	2,274,725	2,274,849
Current income tax liabilities	822,495	887,709
Bank and other borrowings	1,864,437	1,122,538
	<hr/>	<hr/>
Total liabilities	27,678,241	28,439,265
	<hr/>	<hr/>

6. OTHER GAINS — NET

	Six months ended 30 June	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Realised and unrealised gains from financial assets at FVPL	157,884	210,836
Net foreign exchange gains	112,881	206,403
Dividends received	63,565	–
Gains on disposals of property, plant and equipment	16,414	9,668
Gains on early termination of lease contracts	1,869	481
Others	5,227	(2,634)
	<u>357,840</u>	<u>424,754</u>

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:

	Six months ended 30 June	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Employee benefit expenses	7,755,493	4,164,154
Cleaning expenses	2,748,836	1,451,045
Maintenance expenses	928,049	416,160
Depreciation and amortisation charges	906,741	420,692
Security expenses	824,951	343,194
Utilities	736,939	365,077
Cost of sales of goods	645,307	96,581
Heat supply costs	607,426	632,789
Greening and gardening expenses	362,807	224,856
Rental expenses for short-term leases	205,242	103,346
Net impairment losses on financial assets	192,511	35,611
Office and communication expenses	123,442	76,403
Professional service fees	117,271	82,794
Construction costs for contractual service concession arrangements	109,911	304,483
Travelling and entertainment expenses	103,175	78,462
Other taxes and surcharges	94,439	44,149
Transportation expenses	72,896	72,277
Sales service expenses	72,584	16,306
Cost of information technology hardwares and softwares	65,839	27,832
Advertising and promotion costs	56,572	16,255
Bank charges	45,440	51,111
Community activities expenses	43,725	20,115
Other expenses	141,969	20,527
	<u>16,961,565</u>	<u>9,064,219</u>

8. FINANCE COSTS — NET

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Finance income:		
Interest income on bank deposits	<u>60,480</u>	<u>53,245</u>
Finance costs:		
Borrowing costs on convertible bonds	(54,406)	(50,463)
Interest expense on lease liabilities	(36,810)	(11,414)
Interest expense on bank and other borrowings	<u>(49,349)</u>	<u>(7,660)</u>
	<u>(140,565)</u>	<u>(69,537)</u>
Finance costs — net	<u>(80,085)</u>	<u>(16,292)</u>

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Current income tax — PRC	<u>959,736</u>	<u>763,253</u>
Deferred income tax		
— Corporate income tax	(173,594)	(15,699)
— Withholding income tax on profits to be distributed in future	<u>32,604</u>	<u>26,748</u>
	<u>(140,990)</u>	<u>11,049</u>
	<u>818,746</u>	<u>774,302</u>

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 period.

	Six months ended 30 June	
	2022	2021
Profit attributable to the owners of the Company (RMB'000)	2,575,786	2,113,001
Weighted average number of ordinary shares in issue (thousands shares)	<u>3,366,485</u>	<u>3,024,207</u>
Basic earnings per share (RMB cents)	<u>76.51</u>	<u>69.87</u>

(b) **Diluted**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has dilutive potential ordinary shares arising from the share option schemes. For the share option schemes, 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. Borrowing costs 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 period ended 30 June 2022, the effect of the share options and convertible bonds were anti-dilutive and therefore not included in the calculation of the diluted earnings per share.

	Six months ended 30 June	
	2022	2021
Profit attributable to the owners of the Company (<i>RMB'000</i>)	2,575,786	2,113,001
Borrowing costs on convertible bonds (<i>RMB'000</i>)	–	9,676
	<hr/>	<hr/>
Profit attributable to the owners of the Company used to determine diluted earnings per share (<i>RMB'000</i>)	2,575,786	2,122,677
	<hr/>	<hr/>
Weighted average number of ordinary shares in issue (<i>thousands shares</i>)	3,366,485	3,024,207
Adjustments — share options and convertible bonds (<i>thousands shares</i>)	–	16,269
	<hr/>	<hr/>
Weighted average number of ordinary shares for diluted earnings per share (<i>thousands shares</i>)	3,366,485	3,040,476
	<hr/>	<hr/>
Diluted earnings per share (<i>RMB cents</i>)	76.51	69.81
	<hr/>	<hr/>

11. DIVIDENDS

The final dividend in respect of 2021 of RMB29.95 cents (equivalent to HKD35.21 cents) per share, totalling approximately RMB1,009,078,000 was approved at the Annual General Meeting on 27 May 2022 and will be partly settled in new shares of the Company and partly paid in cash on 30 August 2022.

The Board of Directors has resolved not to declare an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

12. INTANGIBLE ASSETS

	Software RMB'000	Contracts and customer relationships RMB'000 (a)	Insurance brokerage license RMB'000	Brand RMB'000 (a)	Concession intangible assets RMB'000	Total other intangible assets RMB'000	Goodwill RMB'000 (b) & (c)	Total RMB'000
Six months ended 30 June 2022								
Opening net book amount	286,370	6,216,821	24,745	1,961,611	166,231	8,655,778	19,289,020	27,944,798
Acquisition of subsidiaries (note 17)	401	188,684	-	96,887	-	285,972	586,226	872,198
Other additions	84,285	-	-	-	106,323	190,608	-	190,608
Amortisation	(37,378)	(405,042)	(1,237)	(122,424)	(13,926)	(580,007)	-	(580,007)
Disposal	(872)	-	-	-	-	(872)	-	(872)
Closing net book amount	<u>332,806</u>	<u>6,000,463</u>	<u>23,508</u>	<u>1,936,074</u>	<u>258,628</u>	<u>8,551,479</u>	<u>19,875,246</u>	<u>28,426,725</u>
At 30 June 2022								
Cost	409,833	6,959,569	28,663	2,166,442	283,745	9,848,252	19,877,816	29,726,068
Accumulated amortisation	(77,027)	(956,245)	(5,155)	(230,368)	(25,117)	(1,293,912)	-	(1,293,912)
Accumulated impairment	-	(2,861)	-	-	-	(2,861)	(2,570)	(5,431)
Net book amount	<u>332,806</u>	<u>6,000,463</u>	<u>23,508</u>	<u>1,936,074</u>	<u>258,628</u>	<u>8,551,479</u>	<u>19,875,246</u>	<u>28,426,725</u>
Six months ended 30 June 2021								
Opening net book amount	71,105	1,436,256	27,220	185,664	94,115	1,814,360	4,361,913	6,176,273
Acquisition of subsidiaries	76,581	688,209	-	1,319,904	-	2,084,694	5,009,685	7,094,379
Other additions	16,280	-	-	-	1,854	18,134	-	18,134
Amortisation	(6,255)	(127,768)	(1,237)	(15,472)	(7,059)	(157,791)	-	(157,791)
Closing net book amount	<u>157,711</u>	<u>1,996,697</u>	<u>25,983</u>	<u>1,490,096</u>	<u>88,910</u>	<u>3,759,397</u>	<u>9,371,598</u>	<u>13,130,995</u>
At 30 June 2021								
Cost	181,602	2,269,539	28,663	1,513,304	96,438	4,089,546	9,374,168	13,463,714
Accumulated amortisation	(23,891)	(269,981)	(2,680)	(23,208)	(7,528)	(327,288)	-	(327,288)
Accumulated impairment	-	(2,861)	-	-	-	(2,861)	(2,570)	(5,431)
Net book amount	<u>157,711</u>	<u>1,996,697</u>	<u>25,983</u>	<u>1,490,096</u>	<u>88,910</u>	<u>3,759,397</u>	<u>9,371,598</u>	<u>13,130,995</u>

(a) Contracts and customer relationships and brand

During the six months ended 30 June 2022, the Group acquired several property management companies (note 17). Total identifiable net assets of these companies acquired as at their respective acquisition dates amounted to approximately RMB482,095,000, including identified property management contracts and customer relationships of approximately RMB188,684,000 and brand of approximately RMB96,887,000 recognised by the Group. The excess of the consideration transferred and the amount of the non-controlling interests in the acquires over the fair value of the identifiable net assets acquired is recorded as goodwill.

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

Gross profit margin	20.66%
Earnings before interest, taxes, depreciation and amortisation margin (“ EBITDA margin ”)	17.07%
Post-tax discount rate	14.90%
Expected useful lives	6 years

A valuation was performed by an independent valuer to determine the fair value of the identified brand. The valuation method used is the relief-from-royalty method. The key assumptions in determining the fair value of the brand are disclosed as follows:

Revenue growth rate	3.00%
Royalty rate	2.50%
Post-tax discount rate	14.90%
Expected useful life	10 years

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

As there were no indicators for impairment of the cash-generating units (“CGUs”) of the subsidiaries acquired in prior years as at 30 June 2022, management has not updated any impairment calculations.

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

Goodwill of RMB586,226,000 has been allocated to the CGUs of the subsidiaries acquired during the period for impairment testing. Management performed an impairment assessment on the goodwill prior to the period end. The recoverable amounts of these subsidiaries are determined based on value-in-use calculation with cash flow forecast period of 5 years.

The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Revenue growth rate during the projection period	3.00%
Gross profit margin during the projection period	26.15%-45.30%
EBITDA margin during the projection period	18.55%-35.76%
Terminal growth rate	3.00%
Pre-tax discount rate	17.71%

Based on management’s assessment on the recoverable amounts of the subsidiaries acquired during the period, no impairment provision was considered necessary to provide as at 30 June 2022.

13. TRADE AND OTHER RECEIVABLES

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Trade receivables (a)		
— Related parties	556,163	882,225
— Third parties	12,909,995	9,686,278
	<u>13,466,158</u>	<u>10,568,503</u>
Less: allowance for impairment of trade receivables	(431,145)	(280,150)
	<u>13,035,013</u>	<u>10,288,353</u>
Other receivables		
— Payments on behalf of property owners	504,002	555,326
— Deposits	511,447	513,765
— Loans to third parties pledged by equities	2,850,305	2,328,928
— Others	542,239	859,763
	<u>4,407,993</u>	<u>4,257,782</u>
Less: allowance for impairment of other receivables	(110,401)	(68,885)
	<u>4,297,592</u>	<u>4,188,897</u>
Prepayments to suppliers		
— Related parties	3,194	5,309
— Third parties	1,089,610	973,604
	<u>1,092,804</u>	<u>978,913</u>
Prepayments for tax	164,994	121,721
	<u>18,590,403</u>	<u>15,577,884</u>

As at 30 June 2022 and 31 December 2021, trade and other receivables were mainly denominated in RMB, and the fair value of trade and other receivables approximated their carrying amounts.

- (a) Property management services income under lump sum basis, heat supply services income and commercial operational services are received in accordance with the term of the relevant service agreements. Service income from property management services, heat supply services, and commercial operational 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 ageing analysis of the trade receivables based on the invoice date is as follows:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
0 to 180 days	9,895,876	7,746,716
181 to 365 days	1,801,881	1,577,206
1 to 2 years	1,496,322	1,069,344
2 to 3 years	163,098	104,944
Over 3 years	108,981	70,293
	<u>13,466,158</u>	<u>10,568,503</u>

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Wealth management products (a)	3,228,261	3,100,853
Investment in a close-ended fund (b)	545,849	529,092
Others	28,476	26,252
	<u>3,802,586</u>	<u>3,656,197</u>

- (a) The Group invested in various wealth management products. Most of these products have a term of 12 months. They have an expected return rate ranging from 6.0% to 8.0%. The fair values of these investments were determined based on the expected return as stipulated in relevant contracts with the counterparties.
- (b) This represented the Group's investment in a close-ended fund. The fair value of this investment was determined based on the valuation report provided by the fund manager.

15. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	Nominal value of shares	Equivalent nominal value of shares RMB'000	Share premium RMB'000	Total RMB'000
<i>Note</i>					
Authorised					
Authorised share capital of USD0.0001 each	10,000,000,000	1,000,000			
At 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022	10,000,000,000	1,000,000			
At 1 January 2021	2,932,373,600	293,237	1,875	8,359,727	8,361,602
Employee share scheme — exercise of option	54,955,400	5,496	35	792,208	792,243
Placing of shares	139,380,000	13,938	89	8,538,294	8,538,383
Conversion of convertible bonds	97,656,221	9,766	63	3,337,534	3,337,597
At 30 June 2021	3,224,365,221	322,437	2,062	21,027,763	21,029,825
At 1 January 2022	3,366,067,903	336,606	2,151	27,200,463	27,202,614
Employee share scheme — exercise of option	(a) 2,451,000	245	2	2,642	2,644
Cancellation of shares	(b) (1,493,000)	(149)	(1)	(50,250)	(50,251)
Consideration issue	(c) 2,182,454	218	2	58,844	58,846
At 30 June 2022	3,369,208,357	336,920	2,154	27,211,699	27,213,853

- (a) During the six months ended 30 June 2022, the Company issued 2,451,000 shares as a result of the exercise of share options by certain directors, which were granted under the pre-listing share option scheme adopted by the Company in 2018, and raised net proceeds of approximately HKD2,304,000 (equivalent to approximately RMB1,875,000) in total; in addition, the related share-based payments reserve of RMB769,000 was transferred to the share premium account as a result of the above exercise of the options.
- (b) During the six months ended 30 June 2022, the Company bought back and cancelled a total of 1,493,000 shares. The buy-back and cancellation were approved by shareholders at the annual general meeting on 27 May 2022. The total consideration paid to buy back these shares was RMB50,251,000, which has been deducted from equity attributable to the owners of the Company. The shares were acquired at a weighted average price of HKD41.22 per share, with prices ranging from HKD39.25 to HKD43.75.
- (c) On 20 May 2022, the Company issued 2,182,454 consideration shares to the third parties for the acquisition of Everjoy Services Company Limited (“**Everjoy Services**”) (note 17).

16. TRADE AND OTHER PAYABLES

	At 30 June 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Trade payables (a)		
— Related parties	25,415	43,342
— Third parties	5,083,632	4,451,055
	<u>5,109,047</u>	<u>4,494,397</u>
Other payables		
— Deposits	1,981,202	1,785,935
— Temporary receipts from properties owners	3,004,894	2,992,989
— Outstanding considerations payable for business combinations	872,144	840,394
— Accruals and others	797,752	1,239,405
	<u>6,655,992</u>	<u>6,858,723</u>
Dividend payables	1,037,306	—
Payroll payables	2,215,854	2,551,125
Other taxes payables	683,978	508,696
	<u>15,702,177</u>	<u>14,412,941</u>

As at 30 June 2022 and 31 December 2021, the carrying amounts of trade and other payables approximated their fair values.

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

	At 30 June 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Up to 1 year	4,614,431	4,375,113
1 to 2 years	391,155	96,322
2 to 3 years	87,746	16,735
Over 3 years	15,715	6,227
	<u>5,109,047</u>	<u>4,494,397</u>

17. BUSINESS COMBINATIONS

In March 2022, the Group has acquired 100% equity interest in Everjoy Services from third parties at a fixed cash consideration of RMB912,411,000, a contingent cash consideration not exceeding RMB35,422,000 and 2,182,454 consideration shares. Besides, the Group conditionally agreed to pay up to RMB720,000,000 and RMB1,571,440,000 for the projects in transit and injected projects in future, respectively, which are subject to further negotiation.

The Group also acquired several other property management and media companies from third parties during the period at an aggregate fixed cash considerations of RMB41,254,000 and a contingent cash consideration not exceeding RMB3,035,000. 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:

	Everjoy Services RMB'000	Others RMB'000	Total RMB'000
Total purchase considerations			
— Fixed cash considerations:	912,411	41,254	953,665
Settled up to 30 June 2022	789,797	28,056	817,853
Outstanding as at 30 June 2022	122,614	13,198	135,812
— Consideration shares	58,846	–	58,846
— Estimated contingent considerations	35,422	3,035	38,457
Outstanding as at 30 June 2022	35,422	3,035	38,457
	<u>1,006,679</u>	<u>44,289</u>	<u>1,050,968</u>

	Everjoy Services RMB'000	Others RMB'000	Total RMB'000
Total recognised amounts of identifiable assets acquired and liabilities assumed are as follows:			
— Property, plant and equipment	9,151	941	10,092
— Right-of-use assets	6,004	2,089	8,093
— Other intangible assets (note 12)	285,731	241	285,972
Identified contracts and customer relationships and brand	285,571	–	285,571
Software	160	241	401
— Investments accounted for using the equity method	–	1,605	1,605
— Inventories	1,060	248	1,308
— Trade and other receivables	1,058,068	17,869	1,075,937
— Cash and cash equivalents	67,175	42,708	109,883
— Lease liabilities	(6,004)	(2,089)	(8,093)
— Deferred income tax liabilities	(71,393)	–	(71,393)
— Contract liabilities	(330,781)	(5,401)	(336,182)
— Trade and other payables	(536,455)	(21,699)	(558,154)
— Current income tax liabilities	(35,466)	(1,507)	(36,973)
Total identifiable net assets acquired	447,090	35,005	482,095
Non-controlling interests	(973)	(16,380)	(17,353)
Goodwill (note 12)	560,562	25,664	586,226
	1,006,679	44,289	1,050,968
Outflow of cash to acquire business, net of cash acquired:			
Partial settlement of cash considerations	789,797	28,056	817,853
Less: Cash and cash equivalents in the subsidiaries acquired	(67,175)	(42,708)	(109,883)
Payments in the previous year	(202,292)	–	(202,292)
Net cash outflow on acquisitions	520,330	(14,652)	505,678

- (a) Other intangible assets including identified property management contracts and customer relationships of approximately RMB188,684,000 and brand of approximately RMB96,887,000 in relation to the acquisitions have been recognised by the Group respectively (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 Group recognises the non-controlling interests in each acquired entity at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.
- (d) The acquired businesses contributed total revenues of RMB350,068,000 and net profits of RMB54,636,000 to the Group for the period from their respective acquisition dates to 30 June 2022. Had these companies been consolidated from 1 January 2022, the consolidated statements of comprehensive income would show pro-forma revenue of RMB20,279,374,000 and net profit of RMB2,769,344,000.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading integrated service provider in the PRC covering diversified business forms. Our business covers many business forms including services to residential properties, commercial properties, office buildings, industrial parks, multi-purpose complexes, government buildings, hospitals, schools and other public facilities, such as airport terminals, highway service stations and cultural scenic areas. We have won industry-leading customer satisfaction and brand reputation with quality services, as well as gained high recognition in a number of sub-segments of the industry. We have ranked first among the “Top 100 Property Management Companies in China in 2022” (2022年中國物業服務百強企業), first in terms of service scale, “Outstanding Enterprise for Commercial Property Services” (商業物業服務力優秀企業) and “Benchmarking Enterprise for Commercial Property” (商業地產標杆企業) granted by the China Index Academy; “Top 5 among 2022 Leading Listed Company of China Property Management Service in terms of Market Development Capability” (2022年物業上市公司領先企業市拓能力 TOP5) and “Leading Company in Property Service Satisfaction” granted by CRIC Property Management and Shanghai E-House Real Estate Research Institute, etc. We are highly recognized in the international capital market continuously. We were included in the Hang Seng China Enterprises Index as a constituent on 15 March 2021, and in the Hang Seng Index as a constituent on 7 June 2021.

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

Property Management Services

We provide property owners, residents and property developers with a series of property management services, including security, cleaning, green landscaping, gardening, repair and maintenance, and other services. During the Period, the revenue from property management services was approximately RMB10,986.3 million, representing an increase of approximately 112.4% compared to the same period last year, and its percentage of total revenue increased to approximately 54.8%.

The scale and nationwide geographical coverage of the property management business of the Group continued to expand. As at 30 June 2022, apart from the “Three Supplies and Property Management” businesses, our contracted GFA was approximately 1,608.9 million sq.m., and our revenue-bearing GFA was approximately 843.2 million sq.m.. In addition, the contracted GFA and the revenue-bearing GFA of the property management services of the “Three Supplies and Property Management” businesses were 85.3 million sq.m. and 85.2 million sq.m., respectively. Our projects cover more than 400 cities in 31 provinces, municipalities, autonomous regions in Mainland China and Hong Kong Special Administrative Region and overseas, with a focus on five key economically developed city clusters, including the Pearl River Delta, the Yangtze River Delta, the middle reaches of the Yangtze River, the Beijing-Tianjin-Hebei Region and the Chengdu-Chongqing Region in China. The percentage of the revenue-bearing GFA of projects in first- and second-tier cities has reached 44.6%. We manage a total of 6,622 property projects and provide property management services to approximately 8.15 million domestic and overseas property owners and merchants.

We insist on low-cost-oriented brand expansion and maintain high quality development and cooperation. In the first half of the year, our bid acceptance rate remained at an industry-leading level, and the contracted GFA newly acquired through brand expansion reached 44.2 million sq.m., contributing approximately 72.2% of the newly added contracted GFA in the first half of the year (excluding mergers and acquisitions). By strengthening the expansion of existing projects and non-residential projects, we are driving a more balanced management projects portfolio in terms of business forms. Benefiting from continuous efforts in expansion of existing market, we signed 86 new contracts of property owners committee projects in the first half of the year. Through the “Community Renewal Program”, we further upgraded community facilities and equipment and enhanced the public environment of the community, which gain a high level of customer satisfaction. For non-residential projects, we successfully won the bids for projects including the Beibu Gulf Center Building in Guangxi Province, the Zhongqing Building of State Grid Nanjing, the Mianyang Technology Building in Sichuan Province and other projects, further expanding the scale of our non-residential projects.

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 value preservation and appreciation and daily life needs, so as to enable property owners to experience the beauty of property management services. Community value-added services have been developed as a new engine to drive sustainable and stable growth of the Group. By building a professional team, expanding resource integration capability, collaborating with strong partners from various industries and leveraging our natural advantage as a property management service provider of close proximity to community scenarios and our huge traffic, we are promoting the professional and market-oriented development of community value-added services in wider areas across China. During the Period, the Group’s revenue from community value-added services was approximately RMB2,112.3 million, representing an increase of approximately 51.1% compared to the same period last year, and its percentage of total revenue of the Group was approximately 10.5%.

Six major businesses have formed in our community value-added services sector: (i) home services – providing property owners with safe, convenient, professional and considerate full-range home services through a standardized operation system; (ii) home decoration services – integrating resources from well-known home decoration brand to provide one-stop home decoration services; (iii) community media services – establishing deep connection between consumers and brands through the community media matrix; (iv) local life services – setting up local consumption scenarios for customers and continuously adapting to the needs of property owners to customize diversified life services; (v) real estate brokerage services – serving the needs of property owners for asset management and further developing second-hand property rental and sale; and (vi) community area services – making full use of community space resources and carrying out business with the aim of providing convenience to the life of property owners and improving their sense of happiness in their living.

Against the backdrop of the pandemic, the living needs of property owners to stay at home increased significantly, the growth of local life services is strong. The revenue from local life services increased by approximately 94.6% compared to the same period last year to approximately RMB741.7 million. We have created “Downstairs (樓下)”, a brand for local life business line, to enrich the “Quarter-hour Convenient Living Circle” of communities and provide property owners with fine goods in a convenient and efficient way. We have completed the construction of over 1,300 regular “Downstairs” outlets, covering 268 cities, accumulating over 700 active communities with more than 100,000 users. The revenue from real estate brokerage services increased by 65.1% compared to the same period last year to approximately RMB195.6 million. By deep integration of real estate brokerage services of various jointly invested companies and continuing creation of our own whole new rental and sale brand “Youwa” (有瓦), we provide customers with services including second-hand property rental and sale, transfer agent and shop rental. The revenue from home services increased by approximately 50.8% compared to the same period last year to approximately RMB250.6 million. We have over 500 laundry outlets in over 20 cities across China, providing laundry services to property owners through “self-operated clothing collection stands + central factories”. The revenue from home decoration services increased by approximately 46.4% compared to the same period last year to approximately RMB310.7 million. We focused on exploring the potentials of our existing business and opened 35 new community stores targeting at existing business in the first half of the year. Efforts were put on partial renovation and general refurbishment services to meet the needs of property owners. The revenue from community media services increased by approximately 3.2% compared to the same period last year to approximately RMB437.1 million due to weak advertising demand and subdued bidding density caused by the pandemic.

Value-added Services to Non-Property Owners

During the Period, the revenue from value-added services to non-property owners was approximately RMB1,424.0 million, which further decreased to approximately 7.1% of the total revenue of the Group. The value-added services we provide to non-property owners mainly include (i) management consultancy services to property developers for their pre-sale activities, as well as consultancy services for properties managed by other property management companies, (ii) cleaning services, green landscaping, repair and maintenance services to property developers at the pre-delivery stage, (iii) sales and leasing agency services of unsold parking spaces and properties, and (iv) elevator products installation, supporting services and other services.

“Three Supplies and Property Management” Businesses

The Group established a joint venture in 2018 and began to undergo the separation and transfer of property management and heat supply under “Three Supplies and Property Management” reform. As at 30 June 2022, the contracted GFA and the revenue-bearing GFA of the property management services of the “Three Supplies and Property Management” businesses were approximately 85.3 million sq.m. and 85.2 million sq.m., respectively, and the revenue-bearing GFA of the heat supply business was 85.2 million sq.m.. During the Period, the revenue from the property management business was approximately RMB1,508.5 million, and the revenue from the heat supply business was approximately RMB722.5 million.

In the first half of the year, we gave full play to our professional and market-oriented advantages, seized the opportunity presented by reforms, actively planned for business development, expanded the value-added space, and promoted the improvement in service standards. For market expansion, we actively explored new areas for industrial property management services, extending industrial property management from the logistics and office industries in mines to production sites, providing production support and front-line living services and opening up new room for expansion of the internal market. For community value-added services, we have actively laid out a community value-added service ecosystem and tapped into the needs of property owners, contributing to new developments in community retail, community media, convenient charging poles, vehicle maintenance, housekeeping, household repair, laundry and other businesses. We have strengthened the construction of information technology and built a service platform of “digitalized enterprise operation and management, intelligent property operation and management, and digitalized property owner service ecosystem” by focusing on our core business and taking care of diversified businesses in three aspects, i.e. enterprise operation and management, property operation and management, and property owner services.

City Services

The Group is a leading provider of integrated public services in the PRC. We adhere to our strategy of focusing on new urbanization. With “improving services and environment to benefit business and people” as core value, we promote high-quality development of cities through our three core businesses, being city municipal services, city area operation and city community services. Driven by market demand and core technologies, on the basis of sharing with ecological partners through resource platforms and with the balance between the comprehensive benefits and long-term benefits of “government-driven” public services in mind, the Group launched the City Co-existence Programme 2.0 as part of our city services by leveraging the resource advantage of our own whole industry chain to provide cities with full-scenario digital solutions for city operation, including smart operation of municipal services, refined city services, long-term management of old communities, city public resources and assets operation, and modern community governance.

During the Period, our city services recorded revenue of approximately RMB2,635.2 million, covering over 150 cities. For market expansion, the Group successfully won the tender for transportation hub projects including Kunming Changshui Airport, Luoyang Metro in Henan Province, Dongguan-Huizhou Intercity High Speed Railway and successfully won the tender for the greater city property management project in Tianshan District, Urumqi City, the integrated sanitation project in Gulou District, Fuzhou City, the urban and rural integrated sanitation project for Jinghong city and other projects. Our innovative practice in the Binhai New Area in Tianjin is steadily advancing, providing services including long-term transformation of old communities, municipal and sanitation integration, gardening and greening maintenance, smart parking and asset operation, etc. Our greater city property management model has been proven in the market. We announced the “CG Services City Partner 2.0 Programme”, strategically focusing on the core tracks of government public services, industrial parks, university and college logistics, hospital services and city-wide parking, with an aim to systematize the development of product categories and enhance the product capacities and core competitiveness of urban services by integrating the ecological and partner enterprises in each segment.

Commercial Operational Services

The Group provides shopping malls, neighborhood centers, office buildings and other projects with full-chain services such as business planning consulting, tenant sourcing, operation and planning services, mainly including (i) conducting commercial operation and management of the properties owned by leasing developers or property owners; (ii) providing property market research and positioning services to property developers at the investment stage; (iii) providing market research and positioning, business planning consulting, tenant solicitation and opening preparation services to property developers or owners at the preparation stage before the opening of the properties; and (iv) providing tenant solicitation, operation and management services to property owners or tenants at the stage of property operation. During the Period, the Group's commercial operational services segment recorded total revenue of approximately RMB588.8 million.

Our commercial operational services have established a diversified product line, including high-quality one-stop shopping mall “Bele city” (碧樂城), neighborhood center “Bele fun” (碧樂坊) and commercial block “Bele time” (碧樂時光). We have established presence in more than 60 cities, with over 100 commercial projects and over 2,000 strategic well-known brand partners. In the first half of the year, we fully utilized our own strengths in quality commercial operational capabilities and extensive brand resources to successfully sign and expand 15 quality light asset projects, including Lanzhou East Lake Plaza Project (蘭州東湖廣場項目), Wuxi Bele City (無錫碧樂城), Dalian Inn Fine Plaza (大連銀帆廣場) and other projects; we commenced 3 new projects, namely Guangzhou Panyu Bele City (廣州番禺碧樂城), Shaoguan Sun City Bele Fun (韶關太陽城碧樂坊) and Guiyang Guanshan Lake Bele time (貴陽觀山湖碧樂時光), bringing a comprehensive quality of life upgrade to residents surrounding the projects and new commercial experiences and vitality to the cities with craftsmanship and warmth.

PROSPECTS AND FUTURE PLANS

Adhering to the original mission and being committed to providing customer satisfaction-oriented property services

2022 is the “Year of Endogenous Development” and “Year of Consolidation” for CG Services. We will adhere to the original mission of property services and commit to providing customer satisfaction-oriented property services by centering on customers and adhering to our responsibilities. We will listen to the needs of customers carefully and offer them better services and create more value in the long run. In terms of the operation system, we strive to promote stable development in business to cope with the challenges brought by external objective factors, maintain sufficient competitiveness, stabilize our principal businesses, offer differentiated and professional services, further promote endogenous business growth, and consolidate service quality.

We will continue to promote the intensification, regional platformization, and project independence of the equity cooperation companies. We will build a more comprehensive assessment system by focusing on basic property management services and exploring the endogenous growth of projects. We will pay attention to the satisfaction of property owner customers, comply with the strict quality control system, and constantly carry out service upgrades and improvements by focusing on customer needs. We will also pay attention to the establishment of cultural living within the community, promoting rich and colorful community activities to enhance the happiness of property owners.

Focusing on building the product strength of city services and constructing the core competitiveness of city services

CG Services is strategically focusing on new urbanization development. Seizing the opportunity to reform in the new age of full-scale intelligentization of city services and focusing on user experience, we continue to construct core capabilities, strive to solve the operational issues that occur in the process of high-quality development for more cities, and offer economically feasible service solutions that allow stable operation. We believe that urban development will bring operational value with practical value. The core competitiveness of city services derives from the cost advantage, technology advantage, and scale advantage built based on itemized service types, which constitute a competitive product strength.

In the future, we will firmly promote management innovation, technology innovation, product innovation, and business model innovation, aiming to facilitate the development of high-quality and resilient urban construction. Besides, by commencing professional services with the establishment of Bicheng City Service Group[#] (碧城城市服務集團), we will continue to promote the “CG Services City Partner Programme 2.0” through sincere cooperation with city service developers, creating greater values with high-quality development and offering a better brand experience for customers.

Constantly promoting the core strategy of digitalization with customer experience and value as the core

Property digitalization is the core competitive advantage for property management enterprises while improving customer experience is the goal of our digital transformation. The digitalization of dedicated service managers is an important indicator reflecting whether the digitalization of property management enterprises can empower frontline staff. We have set up the dedicated service managers operation division to support the sustainable development of managers’ services, focusing on the shift of service managers in the business model and carrying out refined division of service managers’ work. With the application of digital tools and intelligent robots, routine tasks are gradually being handled through intelligence processing, reducing the intensity of service managers’ work, while performing effective management of respective customer contacts with digital measures, offering better service to customers as well as empowering service managers.

In addition, as data has become a factor of production, data governance is our priority when coping with digital challenges. We will continue to increase investment in terms of data governance, data application development and big data platform, and strengthen the existing platform for data analysis and intelligent application. We believe that the applications of the results of our digitalization processes will promote the cost reduction and efficiency improvement of the entire business system, the standardization of business processes and the improvement of customer satisfaction in the future.

Exploring the extension of property management service boundaries to construct a vertical professional service value chain

Under the background of greater property management, property management services, evolving from the management of properties to the management of people, and further to the management of the ecology of the cities, are undergoing profound changes in terms of the scope, target, and content of services and further extending to property owners and assets. Our in-depth vertical deployment includes city public services, community media, real estate brokerage services, commercial operational services, community insurance, professional pest control and elimination, elevator maintenance, and other professional service divisions.

In the future, CG Services will adhere to the new demand-oriented service reconstruction, and empower property management by utilizing new technology, new services, new ecology, and new values, while reconstructing and designing our own greater property management services by focusing on customers. We will constantly explore more advanced and comprehensive greater information management services, such as areas in equipment and facilities management, asset management, city services and technology. We will also build a professional service value chain vertically, constantly enhance our core competitiveness within the industry, integrate and build more comprehensive professional capabilities, carry out in-depth integration and resource coordination, and strive to promote professional services to a broader market.

FINANCIAL REVIEW

Revenue

The Group's revenue is mainly derived from (i) property management services, (ii) community value-added services, (iii) value-added services to non-property owners, (iv) "Three Supplies and Property Management" businesses, (v) city services, and (vi) commercial operational services. For the six months ended 30 June 2022, the total revenue increased by approximately 73.5% to approximately RMB20,055.4 million from approximately RMB11,559.8 million for the six months ended 30 June 2021.

(1) Property management services

During the Period, the revenue from property management services increased by approximately 112.4% to approximately RMB10,986.3 million from approximately RMB5,172.3 million for the six months ended 30 June 2021, accounting for approximately 54.8% of the total revenue (for the same period in 2021: approximately 44.7%).

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 periods indicated:

	For the six months ended 30 June 2022		For the six months ended 30 June 2021	
	Revenue (RMB'000)	(%)	Revenue (RMB'000)	(%)
Properties developed by the CGH Group (Note 1)	4,555,843	41.5	3,615,443	69.9
Properties developed by independent third-party property developers	6,430,478	58.5	1,556,859	30.1
Total	10,986,321	100.0	5,172,302	100.0

Note 1: Properties developed by Country Garden Holdings Company Limited (“CG Holdings” or “CGH”) and its subsidiaries, joint ventures and associates independently or jointly with other parties.

The revenue-bearing GFA increased by approximately 414.1 million sq.m. from approximately 429.1 million sq.m. for the same period in 2021 to approximately 843.2 million sq.m., mainly due to: (i) the conversion of the reserved GFA of the Group into revenue-bearing GFA during the Period; and (ii) the increase in the revenue-bearing GFA of the Group as a result of the acquisitions of relatively large property management companies including Sichuan Justbon Life Services Group Co., Ltd.# (四川嘉寶生活服務集團股份有限公司) (formerly known as Sichuan Languang Justbon Services Group Co, Ltd.# (四川藍光嘉寶服務集團股份有限公司)) (“Justbon Services”), Wealth Best Global Limited (“Wealth Best Global”) and Link Joy Holdings Group Co., Limited (“Link Joy Holdings”) in 2021 and Everjoy Services Company Limited (中梁百悅智佳服務有限公司) (“Everjoy Services”) during the Period; (iii) the continuous intensity in the competition in market brand expansion as well as the Group’s continuous efforts in expansion of existing market and non-residential projects.

(2) *Community value-added services*

During the Period, the revenue from community value-added services increased by approximately 51.1% to approximately RMB2,112.3 million from approximately RMB1,398.3 million for the six months ended 30 June 2021, accounting for approximately 10.5% of the total revenue (for the same period in 2021: approximately 12.1%).

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

- (a) During the Period, the revenue from home services increased by approximately 50.8% to approximately RMB250.6 million from approximately RMB166.2 million for the six months ended 30 June 2021.
- (b) During the Period, the revenue from home decoration services increased by approximately 46.4% to approximately RMB310.7 million from approximately RMB212.2 million for the six months ended 30 June 2021.
- (c) During the Period, the revenue from community media services increased by approximately 3.2% to approximately RMB437.1 million from approximately RMB423.6 million for the six months ended 30 June 2021.
- (d) During the Period, the revenue from local life services increased by approximately 94.6% to approximately RMB741.7 million from approximately RMB381.1 million for the six months ended 30 June 2021.
- (e) During the Period, the revenue from real estate brokerage services increased by approximately 65.1% to approximately RMB195.6 million from approximately RMB118.5 million for the six months ended 30 June 2021.
- (f) During the Period, the revenue from community area services increased by approximately 82.6% to approximately RMB176.6 million from approximately RMB96.7 million for the six months ended 30 June 2021.

The Group continuously promoted the development of an emerging digitalization-featured intelligent community with characteristics of smart sharing and harmonious co-governance, and made full use of big data, cloud computing, artificial intelligence and other information technology tools to build a smart community service platform with gridding management, refined services, information support and public sharing. Relying on the digital platform and the construction of high-quality terminal service outlets in communities, the Group was able to demonstrate a highly online-offline integrated intelligent community governance scenario. Besides, the Group intensified its efforts to extend the border of its diverse life services and created business model to open up a new era of digital community life featuring multi-terminal interconnection, multi-party interaction and owner-tenant sharing. More and more intelligent achievements have been applied to every aspect of community life, and a variety of meticulous and humanized intelligent services have been delivered to benefit property owners, which highlighted the intelligent aspects of communities, making the owners' sense of gain more fulfilling, guaranteed and sustainable.

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

During the Period, the revenue from value-added services to non-property owners increased by approximately 34.6% to approximately RMB1,424.0 million from approximately RMB1,058.3 million for the six months ended 30 June 2021, accounting for approximately 7.1% of the total revenue (for the same period in 2021: approximately 9.2%).

The increase in the revenue from value-added services to non-property owners was mainly due to the promotion of full-cycle property services of the house, the expansion of pre-delivery services offering and the increase in business resulting from the newly acquired companies.

(4) *Three Supplies and Property Management Businesses*

During the Period, the revenue from the “Three Supplies and Property Management” businesses currently includes the revenue arising from property management and other related services and heat supply services.

Among which, the revenue from property management and other related services increased by approximately 63.2% to approximately RMB1,508.5 million from approximately RMB924.3 million for the six months ended 30 June 2021, accounting for approximately 7.5% of the total revenue (for the same period in 2021: approximately 8.0%).

The revenue from heat supply services increased by approximately 9.5% to approximately RMB722.5 million from approximately RMB659.6 million for the six months ended 30 June 2021, accounting for approximately 3.6% of the total revenue (for the same period in 2021: approximately 5.7%).

The increase in the revenue from the “Three Supplies and Property Management” businesses was mainly due to the steady increase in property management services and heat supply services after the separation and transfer reform, while diversified community value-added services has also yielded significant results.

(5) *City Services*

During the Period, the revenue from city services increased from approximately RMB2,095.0 million for the six months ended 30 June 2021 to approximately RMB2,635.2 million, representing an increase of approximately 25.8% and accounting for approximately 13.1% of total revenue (for the same period in 2021: approximately 18.1%).

The growth of revenue from city services was mainly due to the increase in project numbers during the Period. The Group adhered to the strategy of focusing on new urbanization. With “improving services and environment to benefit business and people” as core value, driven by market demand and core technologies, on the basis of sharing ecological partners and resource platforms and with the balance between the comprehensive benefits and long-term benefits of “government driven” public services in mind, the Group launched the City Co-existence Programme 2.0 under our city services by leveraging our own resource advantage of whole industry chain to provide cities with full-scenario digital solutions for city operation, including smart operation of municipal services, refined city services, long-term management of old communities, public city resources and assets operation, and modern community services, to promote transformation of urban development approach and achieve high-quality development.

(6) Commercial Operational Services

During the Period, the revenue from commercial operational services increased from approximately RMB140.0 million for the six months ended 30 June 2021 to approximately RMB588.8 million, representing an increase of approximately 320.6%, accounting for approximately 2.9% of the total revenue (for the same period in 2021: approximately 1.2%).

The growth of revenue from commercial operational services was mainly due to the significant increase in number of commercial projects during the Period as compared to the same period last year as the Group has focused on development of commercial operational business since April last year. The Group integrated high-quality business resources and new business models to build a diversified commercial ecosystem integrating shopping malls, commercial blocks and characteristic cultural tourism and upgrade from a single-model traditional commercial operator into a multiple-model creator of beautiful lives with advanced thinking and innovative consciousness.

Costs

The Group's costs include (i) staff cost, (ii) cleaning cost, (iii) heat supply cost, (iv) maintenance cost, (v) utilities, (vi) greening and gardening cost, (vii) security expenses, (viii) cost of goods sold, (ix) transportation cost, (x) office and communication cost, (xi) taxes and surcharges, (xii) employee uniform expenses, (xiii) depreciation and amortisation charges, (xiv) community activities cost, (xv) travelling and entertainment cost, (xvi) construction costs for infrastructure under service concession arrangements, and (xvii) others. During the Period, the costs were approximately 14,668.5 million, representing an increase of approximately 90.5% as compared to approximately RMB7,700.1 million for the six months ended 30 June 2021. The increase in costs was mainly due to the continuous expansion of the revenue-bearing GFA of the Group and business diversification, resulting in an increase of various costs, as well as the increase in the amortization costs of intangible assets – property management contracts and customer relationships and brands brought by merger and acquisition.

Gross Profit and Gross Profit Margin

During the Period, the overall gross profit increased by approximately RMB1,527.3 million to approximately RMB5,387.0 million from approximately RMB3,859.7 million for the six months ended 30 June 2021, representing an increase of approximately 39.6%.

During the Period, the overall gross profit margin decreased by 6.5 percentage points to approximately 26.9% from approximately 33.4% for the six months ended 30 June 2021, and the overall gross profit margin decreased mainly due to (i) the increase in amortisation charges of intangible assets – contracts and customer relationships and brands – arising from mergers and acquisitions; (ii) the Group's adjustment of management staff to front-line operations during the Period; (iii) the corresponding restraint in growth rate of business resulting from impact of the pandemic and macroeconomic fluctuations, and the Group's expansion of its talent pool for the business development in the future; (iv) changes in the business structure of the Group during the Period.

During the Period, adjusted overall gross profit was approximately 30.4% (for the same period in 2021: approximately 34.6%) excluding the impact of amortisation charges of intangible assets – contracts and customer relationships and brands – arising from mergers and acquisitions and adjustment of management staff.

(i) Property management services

During the Period, the gross profit margin of property management services decreased by 7.7 percentage points to approximately 25.9% from approximately 33.6% for the six months ended 30 June 2021.

The decrease in the gross profit property management services was mainly due to (i) the increase in the amortization costs of intangible assets – property management contracts and customer relationships and brands brought by merger and acquisition; (ii) the relatively low gross profit margins of newly acquired companies; and (iii) the adjustment of some management staff to front-line operations resulting from the Group’s continuous innovation of its organizational management model.

The adjusted gross profit margin of property management segment decreased by 4.8 percentage points from approximately 34.3% for six months ended 30 June 2021 to approximately 29.5%, excluding the impact of amortisation charges of intangible assets – contracts and customer relationships and brands – arising from mergers and acquisitions.

(ii) Community value-added services

During the Period, the gross profit margin of community value-added services decreased by 6.5 percentage points to approximately 59.7% from approximately 66.2% for the six months ended 30 June 2021.

The decrease in gross profit margins of community value-added services was mainly due to (i) weak demand in the advertising market as a result of the recurring pandemic and (ii) in view of the consumer potential of its property owner base, the Group is proceeding a business transformation from sales agency to purchase and sales, to improve its bargaining power on the supply side and generate excess margins. The Company is currently going through the early stage of transformation and the costs of recruiting new professionals therefore increased comparably.

The adjusted gross profit margin of community value-added services segment decreased by 6.7 percentage points from approximately 67.4% for six months ended 30 June 2021 to approximately 60.7%, excluding the impact of amortisation charges of intangible assets – contracts and customer relationships and brands – arising from mergers and acquisitions.

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

During the Period, the gross profit margin of value-added services to non-property owners decreased by 23.2 percentage points to approximately 27.2% from approximately 50.4% for the six months ended 30 June 2021.

The decrease in the gross profit margin of value-added services to non-property owners was mainly due to the increased proportion of cleaning services and specially engaged services which had low gross profit margins and the decreased proportion of sales services for parking spaces and unsold properties which had high gross profit margins.

The adjusted gross profit margin of value-added services to non-property owners segment decreased by 23.1 percentage points from approximately 50.4% for the six months ended 30 June 2021 to approximately 27.3% excluding the impact of amortisation charges of intangible assets – contracts and customer relationships and brands – arising from mergers and acquisitions.

(iv) *Three Supplies and Property Management Businesses*

During the Period, for the “Three Supplies and Property Management” businesses, the gross profit margin of property management and other related services decreased from approximately 9.4% for the six months ended 30 June 2021 to approximately 8.7%, representing a decrease of 0.7 percentage points. The decrease in the gross profit margin of the property management and other related services under the “Three Supplies and Property Management” businesses was mainly due to the larger proportion of businesses with low gross profit margins in the community value-added services which recorded a significant increase during the Period.

During the Period, for the “Three Supplies and Property Management” businesses, the gross profit margin of heat supply services increased from approximately 5.9% for the six months ended 30 June 2021 to approximately 7.7%, representing an increase of 1.8 percentage points. The increase in the gross profit margin of heat supply services under the “Three Supplies and Property Management” businesses was mainly due to the energy saving and efficiency improvement as a result of the upgrading and renovation of equipment and facilities under the separation and transfer reform.

(v) *City Services*

During the Period, the gross profit margin of city services decreased from approximately 19.3% for the six months ended 30 June 2021 to approximately 18.1%, representing a decrease of 1.2 percentage points.

The decrease in the gross profit margin of city services was mainly due to the increase in operating costs as a result of the increased oil prices during the Period.

The adjusted gross profit margin of city services segment decreased by 2.1 percentage points from approximately 23.6% for the six months ended 30 June 2021 to approximately 21.5% excluding the impact of amortisation charges of intangible assets – contracts and customer relationships and brands – arising from mergers and acquisitions.

(vi) *Commercial Operational Services*

During the Period, the gross profit margin of commercial operational services decreased from approximately 56.1% for the six months ended 30 June 2021 to approximately 36.4%, representing a decrease of 19.7 percentage points.

The decrease in the gross profit margin of commercial operational services was mainly due to the relatively low gross profit margin from emerging businesses projects at ramp-up stage.

The adjusted gross profit margin of commercial operational services segment decreased by 17.3 percentage points from approximately 56.1% for the six months ended 30 June 2021 to approximately 38.8% excluding the impact of amortisation charges of intangible assets – contracts and customer relationships and brands – arising from mergers and acquisitions.

Selling and Marketing Expenses

During the Period, selling and marketing expenses were approximately RMB161.5 million, representing an increase of approximately 54.5% as compared with approximately RMB104.5 million for the six months ended 30 June 2021.

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

General and Administrative Expenses

During the Period, general and administrative expenses were approximately RMB1,939.1 million, representing an increase of approximately 58.4% as compared with approximately RMB1,224.0 million for the six months ended 30 June 2021.

The increase in general and administrative expenses was mainly due to the expansion of the Group's business scale with the increase in its total revenue-bearing GFA, and the percentage of general and administrative expenses decreased by 0.9 percentage points from 10.6% for the same period in 2021 to approximately 9.7%.

The adjusted percentage of general and administrative expenses decreased by 0.1 percentage point from approximately 9.7% for the same period in 2021 to approximately 9.6% excluding the expense of share options.

Other Income

During the Period, other income was approximately RMB174.8 million, representing an increase of approximately 92.9% as compared with approximately RMB90.6 million for the six months ended 30 June 2021.

The increase in other income was mainly due to the acquisition of certain large property management companies last year, resulting in the expansion of business scale and the corresponding increase in employment, individual income tax refunds and other related government subsidies received compared to the same period last year.

Other Gains — Net

During the Period, other gains — net were approximately RMB357.8 million, representing a decrease of approximately RMB67.0 million as compared with approximately RMB424.8 million for the six months ended 30 June 2021.

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

Finance Costs — Net

During the Period, finance costs — net were approximately RMB80.1 million, representing an increase of approximately RMB63.8 million compared with approximately RMB16.3 million for the six months ended 30 June 2021.

The increase in finance costs — net was mainly due to the increase in interest expenses on borrowings and the amortization of unrecognized finance costs on lease liabilities.

Income Tax Expense

During the Period, income tax expense was approximately RMB818.7 million, representing an increase of approximately 5.7% compared to approximately RMB774.3 million for the six months ended 30 June 2021.

The increase in income tax expense was mainly due to the increase in total profit before tax of the Group for the six months ended 30 June 2022.

Profit for the Period

During the Period, the net profit of the Group was approximately RMB2,751.9 million, representing an increase of approximately 23.6% compared to approximately RMB2,226.2 million for the six months ended 30 June 2021.

During the Period, the profit attributable to the Shareholders of the Company increased from approximately RMB2,113.0 million for the six months ended 30 June 2021 to approximately RMB2,575.8 million, representing an increase of approximately 21.9%.

During the Period, the profit attributable to the non-controlling interests of the Company increased by approximately 55.6% from approximately RMB113.2 million for the six months ended 30 June 2021 to approximately RMB176.1 million.

Intangible Assets

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

As at 30 June 2022, the intangible assets of the Group were approximately RMB28,426.7 million, representing an increase of approximately RMB481.9 million compared to approximately RMB27,944.8 million as at 31 December 2021, which was mainly due to several equity acquisitions completed by the Group during the Period, resulting in goodwill of approximately RMB586.2 million, property management contracts and customer relationships of approximately RMB188.7 million, brands of approximately RMB96.9 million and concession intangible assets of RMB106.3 million carried forward from contract assets. On the other hand, the amortization of property management contracts and customer relationships, insurance brokerage license, brands and concession intangible assets arising from the acquisitions During the Period was approximately RMB542.6 million.

Financial Assets at Fair Value through Other Comprehensive Income

Financial assets at fair value through other comprehensive income include equity investments in certain entities.

As at 30 June 2022, the balance of financial assets at fair value through other comprehensive income of the Group was approximately RMB4,078.5 million, representing a decrease of approximately RMB86.0 million compared to approximately RMB4,164.5 million as at 31 December 2021. This was mainly due to the disposal of several investments by the Group during the Period.

Trade and Other Receivables

Trade and other receivables include trade receivables, other receivables, prepayments to suppliers and prepayments for tax.

As at 30 June 2022, the Group recorded net trade receivables of approximately RMB13,035.0 million, representing an increase of approximately RMB2,746.6 million compared to approximately RMB10,288.4 million as at 31 December 2021, mainly due to the significant increase in the total revenue of the Group and the increase in receivables arising from the new business expansion during the Period.

The net other receivables of approximately RMB4,297.6 million as at 30 June 2022, representing an increase of approximately RMB108.7 million compared to approximately RMB4,188.9 million as at 31 December 2021.

Financial Assets at Fair Value through Profit or Loss

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

As at 30 June 2022, the balance of financial assets at fair value through profit or loss of the Group amounted to approximately RMB3,802.6 million, representing an increase of approximately RMB146.4 million as compared with approximately RMB3,656.2 million at 31 December 2021. Such increase was mainly due to the Group increased purchase of wealth management products for the increase in the returns on its idle fund. Balance at the end of the Period mainly consisted of wealth management products purchased in second half of 2021 which have not yet expired, and the balance of newly purchased wealth management products in the current Period accounted for a relatively small proportion.

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 RMB4,535.7 million as at 31 December 2021 to approximately RMB5,610.2 million as at 30 June 2022, representing an increase of approximately RMB1,074.5 million, mainly due to the increase in the advance payments for property management services as a result of the increase in the revenue-bearing GFA and the increase in advance payments received arising from new business expansion during the Period.

Trade and Other Payables

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

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

As at 30 June 2022, trade payables of the Group were approximately RMB5,109.0 million, representing an increase of approximately RMB614.6 million compared to approximately RMB4,494.4 million as at 31 December 2021, primarily due to the Group's business expansion resulting in an increase in material procurement costs, labor outsourcing costs and utility fees.

Other payables primarily include (i) deposits from property owners in relation to interior decorations; (ii) temporary receipts from property owners (mainly consisting of utilities fees collected from property owners and income generated from common area value-added services that belongs to property owners); (iii) outstanding considerations payable for business combinations; and (iv) accruals and others (mainly in relation to payables to third parties and advance).

Other payables decreased from approximately RMB6,858.7 million as at 31 December 2021 to approximately RMB6,656.0 million as at 30 June 2022, primarily due to the decrease in payables to third parties.

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total interest-bearing debt less cash and cash equivalents.

The convertible bonds issued on 3 June 2021 in connection to Best Path Global Limited, a wholly-owned subsidiary of the Company, in the aggregate principal amount of HKD5,038.0 million, were fully redeemed and canceled during the Period.

As at 30 June 2022, the bank and other borrowings of the Group amounted to approximately RMB1,864.4 million (as at 31 December 2021: approximately RMB1,122.5 million).

As at 31 December 2021 and 30 June 2022, the gearing ratio of the Group was maintained at net cash position.

Liquidity, Financial and Capital Resources

As at 30 June 2022, total bank deposits and cash (including restricted bank deposits) of the Group were approximately RMB8,990.7 million, representing a decrease of approximately RMB2,765.2 million as compared with approximately RMB11,755.9 million as at 31 December 2021. Total bank deposits and cash were denominated in the following currencies:

	30 June 2022		31 December 2021	
	(RMB'000)	(%)	(RMB'000)	(%)
RMB	8,881,609	98.8	5,741,171	48.8
HKD	16,704	0.2	5,962,307	50.7
Other currencies	92,359	1.0	52,423	0.5
	8,990,672	100.0	11,755,901	100.0

Out of the total bank deposits and cash of the Group, restricted bank deposits of approximately RMB174.3 million (as at 31 December 2021: approximately RMB137.3 million) mainly represented the cash deposits in bank as performance security for property management services according to the requirements of the local government authorities and the deposits made as performance security for business contracts of Country Garden Manguo Environmental Technology Group Co., Ltd.# (碧桂園滿國環境科技集團有限公司) (“Manguo”) and Fujian Dongfei Environment Group Co., Ltd.# (福建東飛環境集團有限公司) (“Dongfei”), the subsidiaries of the Group.

As at 30 June 2022, the net current assets of the Group were approximately RMB7,815.2 million (31 December 2021: approximately RMB6,409.9 million). The current ratio (current assets/current liabilities) of the Group was 1.3 times (31 December 2021: 1.3 times).

Key Risk Factors and Uncertainties

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

Industry Risk

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

Business Risk

The Group’s ability to maintain or improve the Group’s current level of profitability depends on the Group’s ability to control operating costs (particularly labour costs) and the Group’s profit margins and results of operations may be materially and adversely affected by the increase in labour or other operating costs; The Group may not procure new property management service contracts as planned or at desirable pace or price; The Group may not be able to collect property management fees from customers and as a result, may incur impairment losses on receivables; Termination or non-renewal of a significant number of the Group’s property management services contracts 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 30 June 2022, the Group had 230,896 employees (31 December 2021: 223,667 employees). During the Period, the total staff costs were approximately RMB7,755.5 million.

The remuneration package of the employees includes salary, bonus and other cash subsidies. Employees are rewarded on a performance-related basis, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions in accordance with the policy of the Group on compensation and welfare.

The Group is subject to social insurance contribution plans or other pension schemes prescribed by the local governments and is required to pay on behalf of its employees, a monthly social insurance funds covering pension fund, medical insurance, work-related injury insurance, maternity insurance and unemployment insurance, and the housing provident fund, or to contribute regularly to other mandatory provident fund schemes on behalf of its employees.

Under the Share Option Scheme of the Company adopted by shareholders of the Company on 28 September 2020, on 30 March 2022, the Company has granted a total of 3,240,000 share options to five eligible participants (all participants are employees other than Directors). In addition, the Company has allotted and issued 2,451,000 Shares of the Company upon exercise of the share options under the Pre-Listing Share Option Scheme of the Company adopted by shareholders of the Company on 13 March 2018 by two employees (not being Directors).

Employee Training and Development

In 2022, the Company continued to carry out the combination of online and offline training. In order to mitigate the impact of the pandemic on the offline training, the Company attempted to adopt “1+N grid” operation model for its leadership program, key business training program and other programs in the first half of the year, that is, under the implementation framework of field management, operation management, personnel management and resource management, one live-streaming main venue and N offline sub venues are linked together through assistants at sub venues to restore the pure offline training scenes via live-streaming and video interactive learning, thereby addressing the current difficulties of large scale offline training and the restrictions of pure online training effects.

From January to June 2022, the “1+N grid” of the Company cumulatively covered approximately 53,000 key group cadres, with approximately 139,500 training hours. In addition, from January to June, each unit organized 833 offline training sessions, with 60,000 offline training hours.

In the first half of 2022, on the basis of ensuring the competency of the general employees, the Company further strengthened the business and team management capabilities of the management cadres at all levels through the transformation of training organization, providing timely and effective support to achieve the Company’s strategic goals.

Charge on Assets

As at 30 June 2022, as Manguo and Dongfei, both subsidiaries of the Company, carried out borrowing and sale and leaseback financing loan business with banks and financial leasing companies to meet the operational needs of certain of their respective city service projects, which were mainly secured by trade receivables of several city service projects and certain equipments. In addition, Country Garden Life Services Group Co., Ltd. (碧桂園生活服務集團股份有限公司), a subsidiary of the Company, made borrowings from banks to finance mergers and acquisitions, with its 20.495% equity interest in Manguo as security.

Contingent Liabilities

As at 30 June 2022, the Group did not have any material contingent liabilities, except for contingent considerations for mergers and acquisitions.

INTERIM DIVIDENDS

The final dividend in respect of 2021 of RMB29.95 cents (equivalent to HKD35.21 cents) per share, totaling RMB1,009,078,000, was approved at the annual general meeting held on 27 May 2022 and will be paid partly in new shares of the Company and partly in cash on 30 August 2022.

The Board has decided not to declare an interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: nil).

MAJOR EVENTS DURING THE PERIOD

Acquisition of Entire Equity Interest in Link Joy Holdings

On 28 September 2021 (after trading hours), Country Garden Property Services HK Holdings Company Limited (“**CG Property Services HK**”, an indirect wholly-owned subsidiary of the Company) entered into an equity transfer agreement with Colour Life Services Group Co., Limited (“**Colour Life Services**”) to acquire 100% equity interest (“**Target Shares**”) in Link Joy Holdings at a consideration of no more than RMB3.3 billion. Link Joy Holdings holds 100% equity interest in Colour Life Services’ certain core asset companies which are principally engaged in property management businesses in the PRC. Pursuant to the terms of the agreement, the Target Shares were charged in favor of CG Property Services HK as security.

On 30 September 2021, CG Property Services HK separately provided a loan with a principal amount of Hong Kong dollars equivalent to RMB700 million (equivalent to the second instalment of consideration) and due on 4 October 2021 (the “**Loan**”) to Colour Life Services.

On 4 October 2021 (after trading hours), upon notification of probable default on external debts by Fantasia Holdings Group Co., Limited (“**Fantasia**”), the controlling shareholder of Colour Life Services, and default of the Loan by Colour Life Services, CG Property Services HK enforced the Target Shares charged in favor of CG Property Services HK in accordance with the terms of the equity transfer agreement and has obtained control over the Target Shares in October 2021.

On 28 March 2022 (after trading hours), the parties to the equity transfer agreement entered into a supplemental agreement in relation to, among others, amendments to the conditions and arrangements for the payment of consideration and the repayment of the Loan (the “**Supplemental agreement**”). The entering into of the Supplemental Agreement was due to, among other things, (i) the purpose of protecting the Group’s interests in relation to the Loan and the first instalment of consideration it paid; (ii) it’s helpful for CG Property Services HK and Colour Life Services to improve and continue to perform their rights and obligations under the equity transfer agreement; and (iii) the commitments of Colour Life Services and its controlling shareholder, Fantasia, under the Supplemental Agreement are conducive to safeguarding the interests of the Shareholders of the Company.

As at the date of this announcement, CG Property Services HK has paid the first and second instalments of consideration in the amount of RMB2.3 billion and RMB700 million to Colour Life Services. Currently, the post-investment management in respect of the acquisition is progressing smoothly.

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

Acquisition of Equity Interest in Everjoy Services

On 11 February 2022, CG Property Services HK entered into a binding equity purchase agreement (the “**Original Majority Equity Purchase Agreement**”) with Chuangchen International Co., Ltd. (創辰國際有限公司), Chuangzhuo International Co., Ltd. (創卓國際有限公司), Chuangyuan International Co., Ltd. (創沅國際有限公司), Tycoon Ample Limited (亨盛有限公司) and Mr. Yang Jian (楊劍) (collectively, the “**Majority Vendors**”), and entered into a binding equity purchase agreement (the “**Original Minority Equity Purchase Agreement**”) with Chuangzhi International Co., Ltd. (創志國際有限公司), Chuangtong International Co., Ltd. (創同國際有限公司), Mr. Li Jiacheng (李家城) and Mr. Ma Fei (馬飛) (together with the Majority Vendors, the “**Vendors**”), pursuant to which CG Property Services HK agreed to acquire a total of approximately 93.76% equity interest in Everjoy Services at a consideration of no more than approximately RMB3,129 million in cash (the “**Acquisition**”). The terms of the Agreements were determined after arm’s length negotiations between the parties.

On 29 March 2022, the Company, CG Property Services HK and the relevant Vendors entered into the Majority First Supplemental Agreement and the Minority First Supplemental Agreement, respectively, to amend the arrangements for payment of the consideration under the Original Majority Equity Purchase Agreement and the Original Minority Equity Purchase Agreement (including the change of payment method for part of the consideration to payment through issuing consideration shares), the performance guarantees and the contractual arrangements for relevant matters.

On 29 March 2022, CG Property Services HK entered into the Majority Second Supplemental Agreement and the Minority Second Supplemental Agreement with the relevant Vendors and Shanghai Zhongchengyun City Operation Management Co., Ltd (formerly known as Shanghai Zhongchengyun City Construction Services Co., Ltd., a related party of the Majority Vendors), respectively, to amend the scope of the Projects In Transit and the Injected Projects, the rectification of the projects, the reorganization arrangements of Everjoy Services and its subsidiaries, the handling of related party transactions and accounts and the contractual arrangements for relevant matters under the Original Majority Equity Purchase Agreement, the Original Minority Equity Purchase Agreement, the Majority First Supplemental Agreement and the Minority First Supplemental Agreement.

The total consideration for the acquisition is not more than approximately RMB3,129 million, of which (i) not more than approximately RMB1,396 million shall be paid in cash in stages, and (ii) not more than approximately RMB1,733 million shall be paid in stages through the issue of the consideration shares by the Company. The maximum number of the consideration shares to be issued is 45,983,980 shares, representing approximately 1.37% of the issued share capital of the Company as at 29 March 2022.

The entering into such acquisitions will help improve the Group's whole value chain operation service level, further improve our business scale and scope, and generate great synergies. They will also broaden the Group's source of revenue, generate stable income and cash flows, increase total revenue, and enhance profitability and market influence and competitiveness of the Group, which is in line with the strategic development needs of the Group.

As of the date of this announcement, according to the Acquisition, CG Property Services HK has paid to the Vendors part of the consideration of approximately RMB792 million, of which (i) approximately RMB710 million (equivalent to approximately HKD861 million) paid in cash in stages; and (ii) approximately RMB82.25 million (based on the average closing price per share as quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") 20 trading days prior to the date of signing the Original Majority Equity Purchase Agreement and the Original Minority Equity Purchase Agreement, i.e. the issue price is HKD46.1725 per share) paid through the issue of 2,182,454 consideration shares of the Company under the general mandate, which accounted for approximately 0.06% of the issued shares of the Company as at the date of issuance. Currently, the completion of the equity transfer and post-investment takeover in respect of the acquisition are underway smoothly.

Please refer to the announcements of the Company dated 14 February 2022, 29 March 2022 and 20 May 2022 for further details.

EVENT SUBSEQUENT TO THE REPORTING PERIOD

Continuing Connected Transactions – Amendments to the Existing Property Lease Framework Agreement and the Existing Business Management Service Framework Agreement

On 13 April 2021 (after trading hours), the Company entered into the property lease framework agreement with CG Holdings (the "**Existing Property Lease Framework Agreement**"), which sets out the principal terms for the lease of properties by the CGH Group (including CG Holdings and its subsidiaries and 30%-controlled companies) (as lessor) to the Group (including the Company and its subsidiaries and 30%-controlled companies) (as lessee).

To better accommodate the actual business development, avoid unnecessary business interruption, and to ensure long-term and stable business development and the continuity of market recognition, the Company and CG Holdings entered into the Property Lease Supplemental Agreement on 12 July 2022 (after trading hours) to amend the Existing Property Lease Framework Agreement, pursuant to which (i) the scope of the subject matter under individual leasing contracts was expanded, (ii) the lease term of the individual lease contracts was extended to no more than 20 years from the starting date of the corresponding lease, (iii) the rental mechanism was revised, (iv) the rent adjustment mechanism was added, and (v) the annual caps under the Existing Property Lease Framework Agreement for each of the two years ending 31 December 2023 were revised. Save for the amendments as mentioned above, other terms of the Existing Property Lease Framework Agreement remain unchanged.

The amendments to the Existing Property Lease Framework Agreement provide the Group with a long-term steady cooperation with the CGH Group, enabling the Group to (i) expand the scope of subject lease assets and better meet the actual business development needs of actual commercial asset leasing and operation; (ii) extend the maximum duration of the lease term of the individual lease contracts, which can avoid unnecessary business interruption, ensure the continuous operation of the leased assets of the Group without disruptions, and maintain a good level of operation and management. In addition, for the Group's relevant commercial assets subletting business, such extension is in line with industry practice, which can improve the flexibility of the lease terms of individual lease contracts, meet the long-term leasing needs of individual tenants, and ensure long-term cooperation with tenants; (iii) the revision of the rent mechanism can improve the flexibility of the business model and improve adaptability to changes in the market and economic environment; (iv) the rent adjustment mechanism is conducive to the Group's regular review and adjustment of rent levels according to market conditions to ensure their fairness in the market; and (v) generate stable rental income through subletting and stable operating revenue through self-operation, so as to cultivate the Group's commercial operation business, grow and broaden its commercial operation revenue base, which will further strengthen the recognition and track record of the commercial operation of the Group and in turn enhance the market competitiveness of the Group in the field of commercial operation in the future.

On 13 April 2021 (after trading hours), the Company entered into the business management service framework agreement with CG Holdings (the “**Existing Business Management Service Framework Agreement**”), which sets out the principal terms for the provision of business management services by the Group (including the Company and its subsidiaries and 30%-controlled companies) to the CGH Group (including CG Holdings and its subsidiaries and 30%-controlled companies). To ensure long-term and stable business development and the continuity of market recognition, the Company and CG Holdings entered into the Business Management Service Supplemental Agreement on 12 July 2022 (after trading hours) to amend the Existing Business Management Service Framework Agreement, whereby the Individual Contract Service Term was extended to no more than 10 years from the date on which the services under the relevant individual service contracts commence. Save for the amendments as mentioned above, other terms of the Existing Property Lease Framework Agreement remain unchanged.

The amendments to the Individual Contract Service Term under the Existing Business Management Service Framework Agreement can (i) provide stability for the long-term development of the business management activities of the Group and be conducive to the continuity of market recognition; and (ii) extend the period of revenue generation from the business management activities of the Group and help the Group develop long-term strategies relating to such activities.

Please refer to the announcements of the Company dated 13 April 2021 and 12 July 2022 for further details of the above continuing connected transactions.

Shares Repurchased

During the period from 15 July 2022 to 21 July 2022, the Company repurchased a total of 1,647,000 shares of the Company from open market for a total consideration of HKD36,910,850 (before deducting the relevant expenses). These repurchased shares are in the process of cancellation.

AUDIT COMMITTEE

The Company has established an audit committee in compliance with Rule 3.21 of the Rules Governing the Listing (the “**Listing Rules**”) of Securities on the Stock Exchange, where at least one member possesses appropriate professional qualifications in accounting or related financial management expertise in discharging the responsibility of the audit committee. The membership of the Audit Committee consists of 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 primary duties of the audit committee include assisting the Board in providing an independent view of the effectiveness of the Company’s financial reporting process, internal control and risk management system and overseeing the audit process.

The audit committee has reviewed the unaudited interim results for the Period. In addition, the independent auditor of the Company, PricewaterhouseCoopers, has reviewed the unaudited interim financial information for the Period in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders of the Company and to enhance corporate value and accountability. The Company has adopted the code provisions in the Corporate Governance Code contained in Appendix 14 to the Listing Rules as its own code of corporate governance.

During the Period, 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 for the Period and all Directors have confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the above-mentioned period.

No incident of non-compliance was found by the Company during the Period. Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

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

During the Period, the Company repurchased a total of 1,493,000 Shares on the Stock Exchange at a total consideration of HKD61,423,300 (before all the relevant expenses). All the Shares repurchased were subsequently cancelled in full during the Period. Details of the Shares repurchased during the Period were as follows:

Month	Number of Shares repurchased	Purchase price per Share		Total consideration (before relevant expenses) HK\$
		Highest HK\$	Lowest HK\$	
January 2022	1,493,000	43.75	39.25	61,423,300
	<u>1,493,000</u>			<u>61,423,300</u>

The purpose of such Share repurchase was to increase the returns for the Shareholders and to reflect the Company’s confidence in its business prospects, and was beneficial to all Shareholders. As at 30 June 2022, the total number of Shares in issue of the Company was 3,369,208,357 Shares.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Period.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement has been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.bgyfw.com>). The Company's 2022 interim report will be despatched to its Shareholders based on the means of receipt and election of language selected by the Shareholders of the Company and published on websites of the Stock Exchange and the Company on or before 30 September 2022.

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

Foshan, China, 24 August 2022

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

For identification purposes only.