Serving you a better life

服 務 成 就 美 好 生 活

ANNUAL REPORT 2022

碧桂園服務控股有限公司

Country Garden Services Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6098

服務成就美好生活

Serving you a better life

Content

CORPORATE OVERVIEW

Country Garden Services Holdings Company Limited (stock code: 6098.HK) is a leading integrated service provider in the PRC covering diversified business forms. We have won industry-leading customer satisfaction rate and gained high recognition in the industry with our outstanding service quality and service brands. We have won well-recognized awards in the industry including "Top 100 Property Management Companies in China in 2022" (2022年中國物業服務百強企業) granted by China Index Academy; "Top 10 Listed Property Management Companies in China in terms of Operation Competency in 2022" (2022年中國上市物業企業經營能力十強) granted by YIHAN (億翰智庫); and "Property Management Companies with High-quality Service System in 2022"(2022年物業服務企業優質服務體系) and "Leading Property Management Companies in terms of Customer Satisfaction in 2022" (2022年物業服務滿意度領先企業) granted by Shanghai E-House Real Estate Research Institute.

Founded in 1992, the Group achieved 31 years of steady development. It always adheres to the service concepts of "Catering for property owners' urgent needs; address property owners' concerns" and "Property owner-oriented". With strong business capability and lean management, it has completed three major certifications of the British Standards Institution (BSI), being quality management system ISO, environmental management system ISO and occupational health and safety system. It has formed a comprehensive and efficient property management service system, and is committed to letting property owners experience the beauty of property services through strong offline service system and consolidation of community business resources. Furthermore, it provides full life-cycle services by focusing on preservation and appreciation of the value of owners' real estates.

Our major business sectors 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. As at 31 December 2022, apart from the "Three Supplies and Property Management" businesses, our contracted gross floor area ("GFA") and revenue-bearing GFA were approximately 1,601.9 million sq.m. and approximately 869.1 million sq.m., respectively. In addition, as at 31 December 2022, the revenue-bearing GFA and contracted GFA of the property management services of the "Three Supplies and Property Management" businesses were approximately 88.1 million sq.m. and approximately 92.9 million sq.m., respectively. We managed a total of 6,601 property projects covering more than 400 cities across 31 provinces, municipalities, autonomous regions and the Hong Kong Special Administrative Region in China and overseas markets, providing quality services to approximately 8.41 million property owners and commercial tenants.

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. We have been optimizing our property management portfolio and enriching our forms of management. Currently, our property management portfolio covers residential properties, commercial properties, office buildings, industrial parks, multi-purpose complexes, government buildings, hospitals, schools and other public facilities, such as airport terminals, highway service stations, scenic areas and other non-residential properties.

Community value-added services – We are committed to becoming an "integrated whole-cycle community life services operator". By focusing on the family life cycle of property owners, the property value cycle and the mature development cycle of communities, we strive to provide property owners with comprehensive community life services to meet their needs for asset preservation and appreciation and daily life needs. By integrating community business resources, we are dedicated to letting property owners experience the beauty of property services. Six major businesses have gradually formed in our community value-added services segment: (i) home services; (ii) home decoration services; (iii) community media services; (iv) local life services; (v) real estate brokerage services; and (vi) community area services.

"Three Supplies and Property Management" businesses – In 2018, we established a joint venture and began to enter the separation and transfer of property management and heat supply on the "Three Supplies and Property Management" Reform. Since its establishment, we continued to promote in-depth integration with our partners and had achieved initial results in terms of operation management, market expansion, quality management, intelligent construction and community value-added services. We jointly promoted the gradual expansion of our business scope to the integrated services provided to office properties, and the plants, industrial parks, oil and gas plants and stations of petroleum and petrochemical enterprises, and the integrated logistics services provided to state-owned enterprises including staff canteens. We will give full play to our successful experience in this benchmarking project and continue to further develop the "Three Supplies and Property Management" field by establishing a new operating mechanism and exploring a new management model.

City services – The Group is committed to becoming a leading provider of integrated city services technology and comprehensive operation 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 its three core businesses, and focusing on four core divisions of municipal public services, industrial park operations, urban space operations, and special enterprise logistics services, we promote high-quality development of cities. The "City Co-existence Programme" is a full-scenario digital solution for city operation launched by the Group by leveraging its development and 31 years of experience in providing new city services, driven by market demand and core technologies and on the basis of sharing ecological partners and resource platforms.

Commercial operational services – The Group provides shopping malls, neighborhood centers, commercial blocks, specialized markets 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 at the investment stage of property developers; (iii) providing market research and positioning, business planning consulting, tenant solicitation and opening preparation services to property developers or owners at the preparation stage before the opening of the properties; and (iv) providing tenant solicitation, operation and management services to property owners or tenants at the stage of property operation.

On 19 June 2018, the Company was listed on the Hong Kong Stock Exchange, indicating its formal entrance into the international capital market. Since the listing, its position in the international capital market was gradually enhanced – It was included as a constituent stock of the MSCI China All Shares Index on 31 August 2018, and was included as a constituent stock of the Hang Seng Composite LargeCap & MidCap Index and in the Hong Kong Stock Connect stock list on 10 September 2018. In addition, we were included in the Hang Seng China Enterprises Index and the Hang Seng Index as a constituent stock on 15 March 2021 and 7 June 2021, respectively. For credit rating, the Company received Fitch's long-term foreign-currency issuer credit rating of investment grade BBB – with stable outlook on 20 March 2020; and received a Baa3 issuer rating from Moody's with stable outlook on 28 April 2022. For ESG aspects, the Company received a rating of A in the MSCI ESG ratings assessment in November 2019 and has maintained such rating since then; was selected as a constituent of FTSE4Good Index Series by FTSE Russell in December 2022 and was honored as the enterprise with the "Highest Regional (Asia Pacific) ESG Rating" in 2023 by Sustainalytics, an ESG rating agency in February 2023.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Ms. Yang Huiyan *(Chairman)*
Mr. Yang Zhicheng *(resigned on 24 August 2022)*
Ms. Wu Bijun *(resigned on 24 August 2022)*

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

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

JOINT COMPANY SECRETARIES

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

AUTHORISED REPRESENTATIVES

Mr. Li Changjiang
Mr. Huang Peng

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22nd Floor, Prince's Building, Central, Hong Kong

LEGAL ADVISERS

As to Hong Kong laws:
WOO KWAN LEE & LO
26/F, Jardine House, 1 Connaught Place, Central, Hong Kong

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

PRINCIPAL BANKERS

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

COMPANY WEBSITE

www.bgyfw.com

STOCK CODE

6098

LISTING DATE

19 June 2018

MAJOR EVENTS

1

January

CG Services organized an annual online activity to thank and communicate with its customers, at which the representatives of the management of CG Services, including Mr. Li Changjiang, the executive director and president of CG Services, Mr. Wang Yingwu, the vice president and chief marketing officer of CG Life Services, Ms. Cao Ningchuan, the assistant president and head of the Brand and Customer Experience Research Institute of CG Services, and Ms. Li Ying, the general manager of key account relationship management department under the Brand and Customer Experience Research Institute of CG Services, communicated with customer representatives from various fields one-on-one through video.

2

February

The weighting of CG Services (6098.HK) in the Hang Seng Index and the Hang Seng China Enterprises Index rose from 0.67% and 1.11% to 0.75% and 1.20%, respectively. As the first listed property management company which is included in the Hang Seng Index and the Hang Seng China Enterprises Index, the rise in weighting demonstrated that CG Services (6098.HK) has won continuous recognition from the international capital market.

Since this month, the CG Services Group has sent a total of 75 young employees to serve as volunteers at the Beijing 2022 Olympic Winter Games and the Beijing 2022 Paralympic Winter Games.

CG Property Services HK acquired a total of approximately 93.76% equity interest in Everjoy Services Company Limited (中梁百悦智佳服務有限公司) ("**Everjoy Services**") at a total consideration of no more than approximately RMB3,129 million.

3

March

CG Services published its 2021 annual results. For the year, it recorded a revenue of RMB28,843 million, representing a year-on-year increase of 84.9%; a gross profit of RMB8,864 million, representing a year-on-year increase of 67.3%; a net profit of RMB4,349.5 million, representing a year-on-year increase of 56.4%; and a core net profit attributable to the owners of RMB4,606.9 million, representing a year-on-year increase of 58.7%.

April

4

During the COVID-19 pandemic in Shanghai, CG Services actively cooperated with the government to implement pandemic prevention and control measures. It provided property management services to more than 350 projects to guarantee the safety of communities, and strived to fulfill its duty as a "gatekeeper" of community pandemic prevention and control, protecting the city's livelihood together with property owners in the communities.

May

5

The CG Services Group officially launched the third "Integrity Culture Festival (廉政清風陽光文化節)" for 2022.

CG Services held its 2022 annual general meeting, at which all resolutions were approved.

June

6

The strongest "dragon boat water (龍舟水)" fell over Shaoguan and Qingyuan of Guangdong Province where the CG Services Group operated. All the community property management staff of CG Services were on duty 24 hours a day to assist the owners to remove dangers and provide supplies, guarding the life and property safety of the owners of Country Garden properties with all their efforts.

Major Events

July

7

The second Country Garden Urban Service Developers Conference was held in Wuhan, at which the City Service Partner Programme 2.0 was announced.

CG Services was honored as the "Pioneer Enterprise in Pandemic Prevention and Control from 2021 to June 2022" by Guangdong Property Management Industry Institute.

August

8

CG Services published its 2022 interim results and held results presentation. For the six months ended 30 June 2022, the Group recorded operating revenue of RMB20,055.4 million, representing a year-on-year increase of approximately 73.5%; gross profit of RMB5,387.0 million, representing a year-on-year increase of approximately 39.6%; net profit of RMB2,751.9 million, representing a year-on-year increase of approximately 23.6%; core net profit attributable to the Shareholders of RMB2,891.0 million, representing a year-on-year increase of approximately 30.5%.

CG Services and Shell entered into the "Green and Low Carbon" Strategic Cooperation Framework Agreement Between CG Services and Shell".

September

9

With its outstanding performance in promoting the deep integration of Party building and property management business and deepening community-level governance, CG Services was honored with "Forging Ahead on a New Journey and Making Greater Contributions in the New Era" Information Technology Innovation Model for Community-level Party Building by the Party Building Service Channel of People's Daily Online.

October

The Finance Shared Service Center of the CG Services Group promoted nationwide its shared payables platform and BIP system platform, and launched the property fee collection management system (BOSS), and legal affair management system.

The Urban Services Group of CG Services officially established Bijia Nursing Company, which launched the "Bi plus Health Nursing Services".

10

November

CG Property Services HK acquired approximately 145 million shares in Hopefluent Group Holdings Limited ("**Hopefluent**"). The equity transfer of the acquisition has been completed, and CG Property Services HK now holds approximately 25% of the issued share capital of Hopefluent.

11

December

12

The "CG Services Comfortable Five-star Elderly Care Brand" of CG Services was granted the "China (Greater Bay Area) Property Management Brand (Service) Model Award" by the Leading Property Index Research Institute, the member group of Guangzhou Smart Property Management Expo and Guangdong Property Management Industry Institute.

The anti-pandemic teams of Shuidong Bay Branch and Dongguan Changping Branch of CG Services were both named as the "Pioneer Anti-Pandemic Team" by Guangdong Property Management Industry Institute.

CG Services carried out the "Power of Community" campaign on farmer assistance through consumption for the fifth year in a row, to promote the sales of Guiqi mangos from Guangxi, Jinxiu yellow peaches from Jinggangshan, Jiangxi, and Dongxiang sheep from Gansu, etc., with total sales of RMB13.33 million for 2022 and over RMB39.83 million for the past five years.

CG Services was granted an ESG rating of A once again by MSCI Inc. (MSCI), a well-recognized investor index compilation company in the world, marking the fourth ESG rating of A in a row after its listing.

AWARDS AND HONOURS

1	2022 Top 100 Property Management Companies in China	Beijing China Index Academy
2	2022 Outstanding Enterprise for Commercial Property Services in China	Beijing China Index Academy
3	2022 Property Management Companies in China with Excellent Diversified Operations	Beijing China Index Academy
4	2022 First in the TOP10 of the Top 100 Property Management Companies in China in terms of Service Scale	Beijing China Index Academy
5	2022 Leading Property Management Companies in China in terms of Specialized Service Operation Brand	Beijing China Index Academy
6	2022 First in the Top 10 Listed Property Management Companies	CRIC Property Management, Shanghai E-House Real Estate Research Institute
7	2022 TOP5 Leading Listed Property Management Companies in Business Performance	CRIC Property Management, Shanghai E-House Real Estate Research Institute
8	2022 TOP5 Leading Listed Property Management Companies in Management Scale	CRIC Property Management, Shanghai E-House Real Estate Research Institute
9	2022 TOP5 Leading Listed Property Management Companies in Market Value Recognition	CRIC Property Management, Shanghai E-House Real Estate Research Institute
10	2022 TOP5 Leading Listed Property Management Companies in Market Expansion Capabilities	CRIC Property Management, Shanghai E-House Real Estate Research Institute
11	2022 Leading Company in Property Service Satisfaction	CRIC Property Management, Shanghai E-House Real Estate Research Institute
12	2022 Property Management Companies with High-quality Service System – Platinum Phoenix Butler	CRIC Property Management, Shanghai E-House Real Estate Research Institute
13	2022 Top 10 Property Management Companies in China in terms of Comprehensive Strength	CRIC Property Management, China Property Management Research Institution

14	2022 Leading Office Property Management Companies in China	CRIC Property Management, China Property Management Research Institution
15	2022 Top 100 Property Management Companies in China in terms of Brand Value	CRIC Property Management, China Property Management Research Institution
16	2022 Second in the TOP30 Property Management Companies in China in terms of Digital Power	CRIC
17	2022 “Top 100 Blue Chip Property Management Companies”	The Economic Observer
18	2022 “Digital Intelligence Technology Leading Companies”	The Economic Observer
19	2022 “Companies with Excellent Investment Values”	The Economic Observer
20	2022 “ESG Model Companies”	The Economic Observer
21	2022 Valuable Property Management Companies	National Business Daily
22	2022 Companies with Stable Value Development	National Business Daily
23	2022 TOP1 Property Management Company in China in terms of Comprehensive Strength	YIHAN, JiaHe JiaYe
24	2022 Leading Companies in terms of Property Service Brand Value	YIHAN, JiaHe JiaYe
25	2022 TOP1 Property Management Company in China in terms of Super Service Capability	YIHAN, JiaHe JiaYe
26	Best Communication in Capital Markets Award	Excellent IR in China
27	Best ESG Award	Excellent IR in China
28	2022 ARC Awards Gold Award – Annual Report– Cover Photo/Design: Real Estate Development/ Services: Residential Properties (For 2021 Annual Report)	MerComm, Inc

CHAIRMAN'S STATEMENT

Dear Shareholders,

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to report that for the year ended 31 December 2022, the Company and its subsidiaries (the "**Group**" or "**we**") recorded a revenue of approximately RMB41,366.6 million, representing an increase of 43.4% as compared to that of 2021, with a gross profit of approximately RMB10,257.5 million, a net profit of approximately RMB2,261.3 million, and profit attributable to the owners of the Company of approximately RMB1,943.4 million. The basic earnings per share were RMB57.68 cents. The Board recommended the payment of a final dividend of RMB14.40 cents (2021: RMB29.95 cents) per share and a special dividend of RMB22.81 cents (2021: Nil) per share for 2022 as a token of appreciation to all shareholders for their continuous support and trust in the Company.

Our management scale continued to grow at a solid pace. As at 31 December 2022, apart from the "Three Supplies and Property Management" businesses, our contracted gross floor area ("**GFA**") was approximately 1,601.9 million sq.m., representing an increase of 164.0 million sq.m. as compared to that as at the end of 2021; our revenue-bearing GFA was approximately 869.1 million sq.m., representing an increase of 103.4 million sq.m. as compared to that as at the end of 2021. In addition, the contracted GFA and revenue-bearing GFA of the property management services of the "Three Supplies and Property Management" businesses were approximately 92.9 million sq.m. and approximately 88.1 million sq.m., respectively. We have been actively exploring the non-residential sector, aiming to develop diversified business forms, with the projects under our management covering commercial and office buildings, schools, hospitals, industrial parks, scenic spots, transportation hubs and such other sub-sectors. While our professional management capabilities in each sub-sector have been continuously enhanced, we have been successful in expanding our market share in the non-residential sector.

The year 2022 was a challenging year for the property management sector, as the external macro environment appeared more volatile and the industry was entering a period of deep-reaching adjustment. Confronted with a number of unexpected factors, CG Services, as a property management enterprise that has been cultivating the property service market in China for more than 30 years, was actively responding to the call of the Party and the State to promote high-quality development, while determinedly following its long-term development strategy, making relentless efforts to help people realize their dream for a better life in such areas as grassroots governance, creation of friendly and convenient communities, and urban renewal and upgrading by steadfastly performing its duties and fulfilling its missions, and actively strengthening its responsibility and commitment: to insist on providing high-quality services to our customers and creating new values for them.

We insist on the guidance of Party building, innovatively develop models of "red properties", and improve our community services for our people from the bottom of our hearts. We actively responded to the government's policy guidance and participated in grassroots governance: in 2022, we introduced an innovative red property service brand known as "Hongxin Bihai (紅心碧海)". Under the guidance of Party building, we pooled our efforts and resources to seek solutions for the problems in community governance and inspire the residents' participation in community management, striving to develop an efficient multi-party governance model and build a society "of the people, for the people and by the people".

Under the guidance of our policy known as "To root Party building in projects", by the end of 2022, we have established 456 Party branches nationwide, with more than 8,000 Phoenix butlers serving millions of households nationwide, aiming to upgrade our property management services under the guidance of Party building. With the continuous improvement of China's grassroots governance system, the development plan of the community service system has been rapidly upgraded, and pilot projects of community governance pattern innovation have been launched across the country one after another. Leveraging their advantages in connecting with thousands of households, property service enterprises have become one of the important driving forces for the "three carriages" in grassroots community governance.

We adhere to the "people-oriented" service philosophy, and inspire our property companies to continuously innovate their services. As property management service concerns people's livelihood, we have been closely observing the trend of social development and changes in our customers' needs, and studying how to improve their experience. Since the establishment of the customer experience research institute, we have been consciously exploring the changing needs of our property owners and customers, continuously improving their experience, and promoting our service & product innovation, with which we have realized the dual improvement in brand satisfaction and corporate reputation. We focused on providing value-added community services as well as expanding our "Quarter-hour Convenient Living Circle", striving to create a convenient experience of living a good life "at their fingertips" for our residents by deploying the last-kilometer community convenience terminals known as "Downstairs Heartfelt Choice (樓下心選)".

In 2022, we held the "2nd Customer Experiences on Innovative Services" Event to promote our spirit of service innovation across the country and continuously improve the service experience. With activities launched ranging from "Building a Vibrant Community for the Elderly" to "Exploring Parent-Child Friendly Communities", we have received warm welcome and active participation from over 0.4 million property owners, with which we have gradually enhanced the happiness and sense of belonging of every family living in the community.

We enhanced technology empowerment and embraced it to help improve customer experience and service quality. Against the backdrop of technological innovation leading to quality development, the digitization of property service enterprises has also entered a critical period. The increasing scale of management has placed greater demands on the R&D and digital transformation of property enterprises. "Humanity + Technology" has always been the core of our digital transformation. In response to the new demands and standards of residents for a better life, we have developed an industry-leading digital platform for customer experience management (CEM system) to provide personalized, professional and refined services to our customers, and make customer experience management more timely and efficient by realizing online customer experience evaluation, real-time management and closed-loop solving of issues.

To promote the digitalization strategy, we have established a Digitalization Committee and a complete digital organizational structure to promote the launch and execution of layered top-down digitalization. At present, the Group has set up a dedicated R&D team to continuously enhance our professional capabilities through technical means to meet the demands of owners for a higher quality and smarter life, and move towards digitization and intelligence in various areas such as property security, cleaning and equipment maintenance.

We are committed to implementing the concept of sustainable development and creating a low-carbon community where people and nature can co-exist harmoniously. During the "14th Five-Year Plan" period, under the theme of promoting high-quality economic and social development, China has embarked on a new journey of green transformation of its development mode and the implementation of carbon peaking and carbon neutrality. We have also focused on realizing the strategic objective of "Double Carbon" and implemented the concept of sustainable development in all aspects of our operations. We continued to improve our environmental management system and set four major development targets for water conservation, waste reduction, energy efficiency and emission reduction. We also put into practice the concept of green operations by advocating green properties and taking a series of measures to realize energy saving and emission reduction. We have established an emergency response mechanism for extreme weather to embrace the opportunities and address challenges brought about by climate changes.

We actively explored the development of "zero-carbon communities" to create a healthy, frugal and low-carbon lifestyle and consumption pattern among community residents and advance the process of carbon reduction in communities. In 2022, we collaborated with a number of excellent suppliers on the construction of new energy vehicle charging infrastructure and community charging services to provide "convenient, reliable, safe and green" charging services in communities and build "low-carbon communities".

We focused on the operation mode of "property services + lifestyle services" and explored new ways to provide elderly care and childcare services in communities. Both the elderly and the young deserve social care. The issue of "caring old man and young child" is of great concern to thousands of families. CG Services has been actively exploring new models of community-based elderly care and childcare services. In 2022, we actively responded to the call of the national policy to provide diversified and multi-level home or community-based elderly care services to the elderly in communities by giving full play to our advantage of being close to the residents and innovatively establishing the "Comfortable Five-Star Elderly Service System". At present, we have implemented pilot projects in 12 communities in four cities across China, providing to the elderly in communities the diversified and multi-level home and community-based elderly care services, covering more than 180 services in the manuals, so that the elderly in communities can enjoy a quality life in their twilight years.

In exploring new models of childcare services, we are committed to helping homeowners solve the problem of "raising children" by continuously innovating our service models from a practical point of view. Our online services include nannies, maternity matron, baby-sitting and other specialized domestic services. In addition, we built children activity centers in communities to provide activity venues for children in communities, and actively worked with the government to explore community-based inclusive childcare services to relieve the pressure of childcare on homeowners in communities.

Starting from the beginning of 2023, the Chinese economy has turned up a stabilizing trend. The new demands of modernization with Chinese socialist characteristics in the new era have given the property industry new historical responsibilities and more social commitments. With the mission of "realizing people's aspirations for a better life", we will enhance our internal strengths, and reaffirm our business determination and confidence in development to promote the quality development of the industry.

We have always been determined and dedicated to our commitments. Finally, on behalf of the Board, I would like to express my appreciation to all staff and the management team for their consistent dedication and great contribution to the Company and the property service business, and extend my gratitude and respect to our frontline staff who have been working hard to implement the "owner-centric" service philosophy, as well as the residents who have been working with the Group. I would also like to thank our shareholders and stakeholders for their trust and support to the Group. The standards of property services are related to the happiness of the residents and the harmony of the society. As we embark on a new journey in a new era, we will resonate more actively with the needs of the country, make the people's aspiration for a better life our goal, continue to promote the modernization of grassroots governance, enrich our business portfolio and enhance the quality of our services, so as to live up to their trust and expectations, and create long-term value for our customers and the society.

We wish to create a better society with our existence.

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

Yang Huiyan
Chairman of the Board

Foshan, China, 29 March 2023

FINANCIAL SUMMARY

CONSOLIDATED RESULTS

	2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000	**2022** **RMB'000**
Revenue	4,675,287	9,644,947	15,600,421	28,843,011	**41,366,573**
Profit before income tax	1,069,387	2,076,112	3,714,727	5,672,839	**3,485,638**
Income tax expense	(135,177)	(357,721)	(933,070)	(1,323,386)	**(1,224,302)**
Profit for the year	934,210	1,718,391	2,781,657	4,349,453	**2,261,336**
Profit attributable to:					
Owners of the Company	923,154	1,670,664	2,686,128	4,033,395	**1,943,422**
Non-controlling interests	11,056	47,727	95,529	316,058	**317,914**
	934,210	1,718,391	2,781,657	4,349,453	**2,261,336**
Earnings per share for profit attributable to owners of the Company (expressed in RMB cents per share)					
Basic	36.93	62.73	97.62	128.42	**57.68**
Diluted	36.53	61.67	96.32	128.01	**57.68**

CONSOLIDATED FINANCIAL POSITION

	2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000	**2022** **RMB'000**
Non-current assets	851,088	2,044,918	7,915,834	35,612,262	**35,420,402**
Current assets	4,670,806	10,224,404	23,288,043	31,200,496	**34,656,494**
Current liabilities	3,127,144	6,427,299	14,232,797	24,790,556	**24,994,171**
Net current assets	1,543,662	3,797,105	9,055,246	6,409,940	**9,662,323**
Total assets less current liabilities	2,394,750	5,842,023	16,971,080	42,022,202	**45,082,725**
Non-current liabilities	65,044	162,497	812,042	3,648,709	**5,173,725**
Equity attributable to owners of the Company	2,260,787	5,373,156	14,565,740	36,186,874	**37,456,431**
Non-controlling interests	68,919	306,370	1,593,298	2,186,619	**2,452,569**
Total equity	2,329,706	5,679,526	16,159,038	38,373,493	**39,909,000**

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 among the "Top 100 Property Management Companies in China in 2022" (2022年中國物業服務百強企業) granted by China Index Academy; "Top 10 among Listed Property Companies in China in terms of Operation Capabilities in 2022" (2022年中國上市物業企業經營能力十強) granted by YIHAN (億翰智庫); and were awarded "Quality Service System of Property Management Services Companies in 2022" (2022年物業服務企業優質服務體系) and "Leading Companies in Property Management Services Satisfaction in 2022" (2022年物業服務滿意度領先企業) granted by 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 the 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. The property management services is our fundamental business. During the Year, the revenue from property management services was approximately RMB22,855.6 million, representing an increase of approximately 65.7% compared to the same period last year, and its percentage of total revenue further increased to 55.3%, representing an increase of 7.5 percentage points compared to the same period last year.

The scale and nationwide geographical coverage of the property management business of the Group expanded stably. As at 31 December 2022, apart from the “Three Supplies and Property Management” businesses, our contracted GFA was approximately 1,601.9 million sq.m., and our revenue-bearing GFA was approximately 869.1 million sq.m.. In addition, the revenue-bearing GFA and contracted GFA of the property management services of the “Three Supplies and Property Management” businesses were approximately 88.1 million sq.m. and approximately 92.9 million sq.m., respectively. Our projects cover more than 400 cities in 31 provinces, municipalities, autonomous regions in Mainland China and the 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 was approximately 43%. We manage a total of 6,601 property projects and provide property management services to approximately 8.41 million domestic and overseas property owners and merchants.

We focused on the organic growth of property management services and maintained industry competitiveness in terms of brand expansion. During the Year, the number of newly signed brand expansion projects reached 1,626, with a newly added annualised saturated revenue of approximately RMB4,904 million, fully proving our brand expansion ability in the market. We focused on existing market development, deepening the market in the third-, fourth-, and fifth-tier cities by extending marketing networks to cover low-tier cities on the one hand, deepening the existing market of first- and second-tier cities through product innovation on the other hand. We are also actively exploring in the non-residential properties business, promoting the expansion of commercial properties, cultural tourism, public buildings and other properties, and have successively implemented property management services of key projects including the Chongqing Municipal Government, China International Exhibition Center (Chaoyang Pavilion), Xi'an Qianhai Life Insurance Financial Center, and Tianjin Teda Fashion Shopping Center.

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 in daily living, so as to enable property owners to experience the beauty of property management services. By building a professional team, expanding resource integration capability, collaborating with strong partners from various industries and leveraging our natural advantage as a property management service provider of close proximity to community scenarios, we are promoting the professional and market-oriented development of community value-added services in wider areas across China. During the Year, the Group's revenue from community value-added services was approximately RMB4,017.5 million, representing an increase of approximately 20.7% compared to the same period last year.

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 brands 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.

We focused on providing value-added community services as well as expanding our "Quarter-hour Convenient Living Circle", striving to create a convenient experience of living a good life "at their fingertips" for our residents by deploying the last-kilometer community convenience terminals known as "Downstairs Heartfelt Choice (樓下心選)". We have taken advantage of our community stores, focusing on 22 key cities to develop our laundry business, strategically partnering with 41 high-quality central laundry factories, opening over 300 laundry collection stores, providing laundry services to over 150,000 property owners, and over 2 million pieces of laundry were cleaned annually. We actively incubated new businesses and collaborated with a number of excellent suppliers on the construction of new energy vehicle charging infrastructure and community charging services to provide "convenient, reliable, safe and green" charging services in communities and build "low-carbon communities".

During the Year, the revenue from real estate brokerage services increased by 54.0% compared to the same period last year to approximately RMB388.3 million; the revenue from home services increased by approximately 32.6% compared to the same period last year to approximately RMB487.7 million; the revenue from local life services increased by approximately 28.7% compared to the same period last year to approximately RMB1,422.3 million; the revenue from home decoration services increased by approximately 5.6% compared to the same period last year to approximately RMB425.2 million; the revenue from community media services decreased by approximately 0.9% compared to the same period last year to approximately RMB969.3 million.

Value-added Services to Non-Property Owners

During the Year, the revenue from value-added services to non-property owners was approximately RMB2,664.7 million, which further decreased to approximately 6.4% 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 presale 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 non-wholly owned subsidiary 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 31 December 2022, the revenue-bearing GFA and contracted GFA of the property management services of the "Three Supplies and Property Management" businesses were approximately 88.1 million sq.m. and approximately 92.9 million sq.m., respectively. During the Year, the revenue from the property management business was approximately RMB4,117.8 million, and the revenue from the heat supply business was approximately RMB1,435.3 million.

After five years of development and integration, we entered a new stage of development for overall management improvement with our partners. We actively expanded new markets and new business forms and adhered to diversified development, and have formed a management project layout covering a wide range of industries including residential, office, industrial, school, hospital, restaurant, and rail transportation, laying a solid foundation for long-term sustainable development in the future. In terms of corporate logistics services, we signed strategic cooperation agreements with a number of partners during the Year, and actively launched the deployment and practice of corporate business in areas such as office parks, industrial parks, production plants, warehousing and logistics, equipment maintenance and vehicle services. In terms of community life services, by focusing on "goods to home", "services to home" and "safety to home", we created a 24-hour living chain and a 15-minute convenient living circle for property owners based on community resources, making full use of our flexible service system and network to build a local life service platform.

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 actively seized the demand for refined city management reform and digital integration of public services based on the high quality development of cities. 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 Year, our city services recorded revenue of approximately RMB4,836.9 million, covering over 150 cities. We have made a breakthrough in the greater city property management model. The Group has successfully won the tender for entering into contracts for a number of urban integrated service projects in Changzhou, Jiangsu Province, Foshan, Guangdong Province, Nanning, Guangxi Province and Bengbu, Anhui Province. We take the reform concept of "greater city property management" as a city-wide governance change, with digital construction as the center, to realize from one screen of management to business operation to scenario operation, to create an integrated service city operation model. In particular, since the establishment of greater city property management project in Lecong Town, Foshan, Guangdong Province, it has been well received by the local government and citizens, effectively improving the standard of urban governance and supporting the high-quality development of the city. In terms of market expansion, we have successfully expanded 175 projects, strategically focusing on core tracks such as municipal public services, industrial park operations, urban space operations, school services and medical logistics, and have successfully expanded key projects including Chongqing Xiyong Microelectronics Industrial Park, TCL Industrial Park, Zhengzhou East Railway Station, Shenzhen Airport, China University of Petroleum and Shanghai 411 Hospital.

Commercial Operational Services

The Group provides shopping malls, neighborhood commercial 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 Year, the Group's commercial operational services segment recorded a revenue of approximately RMB1,285.1 million, representing an increase of approximately 96.5% compared to the same period last year.

Our commercial operational services have established a diversified product line to meet the commercial development needs of different tiers of cities, including city-grade full-service shopping mall "Bele city" (碧樂城), regional shopping mall "Bele One" (碧樂匯) and community neighbourhood commercial center "Bele time" (碧樂時光). We have established presence in more than 60 cities, with over 130 commercial projects and over 2,000 brand partners. Relying on our mature product line system and full-chain commercial operation management system to accelerate our nationwide expansion, we made breakthroughs in the expansion of light assets in our incremental projects and successfully signed 35 quality light asset projects during the Year, including Nantong Haimen Bele One (南通海門碧樂匯), Huizhou Boluo Bele One (惠州博羅碧樂匯), Nantong Chongzhou Bele One (南通崇州碧樂匯) and Yangzhou Yizheng Bele One (揚州儀征碧樂匯), and continued to increase the proportion of marketable projects. We achieved phased growth in the scale of our existing business, with 8 new projects opened during the Year, including Shaoguan Sun City Bele time (韶關太陽城碧樂時光), Guangzhou Panyu Bele time (廣州番禺碧樂時光), Liyue Li Shopping Mall (里悅里購物中心) and Guiyang Guanshan Lake Bele time (貴陽觀山湖碧樂時光), bringing a warmer and more efficient commercial experience to the public.

PROSPECTS AND FUTURE PLANS

Improving customer experience and exploring better lifestyles for property owners

In the post-pandemic era, the residents' demand for property services has also undergone profound changes, with the creation of a stable, safe, comfortable and healthy living environment becoming an necessary demand and trend. CG Services always attaches importance to customer needs, and customer experience has become the core driving force of progress for CG Services. We have set up the first customer experience research institute in the industry to gain insight into the trends of social development and tenants' living needs, and to focus our various resources on solving customers' needs or issues in a targeted manner. Taking the innovation of the elderly care model as an example, against the backdrop of the intensifying problem of the ageing population, elderly care services have become an important way for China to actively cope with the ageing of the population.

We will continue to explore new models of community elderly care, further develop the "property + elderly care" model, and promote the wider implementation of the "Yiran Five-Star Elderly Service System" pilot scheme to provide diversified and multi-layer home and community elderly care services for the elderly in the community to enable the elderly in the community to easily enjoy a high-quality life in their twilight years. In the future, CG Services will make its services better and more refined, and, on the basis of its insight into the needs of the country and its customers, respond more proactively and quickly to the changing needs of society and the country, contribute its own wisdom and strength to the construction of a new pattern of grassroot governance for the joint construction, joint governance and sharing, and create greater value to help people achieve a better life.

Digitalisation empowering management, and being "customer-oriented" to build smart properties

The digital transformation of property services is accelerating. Based on the continuous growth of management scale, changing customer needs and the in-depth development of the business, the technological challenges for property management enterprises are becoming greater and greater and the pressure on R&D organisations is gradually increasing, and a strong technology central platform, including data, algorithms and security management, is becoming more and more important. The digitalisation process of CG Services focuses on construction of core capabilities in three areas: firstly, focusing on customer experience; secondly, leveraging on data to make operation process more and more transparent and focusing on improvement in overall operation efficiency; and thirdly, leveraging on digital and data sharing to support overall business innovation and to realise the changes in community-ecology-based business models.

In terms of operating efficiency, we focus on the enhancement of the level of automation and intelligence in and between the links of business processes to achieve improvement in overall operating efficiency. We expect that in the future, under the application of digitalisation and the linkage of intelligence, we will be able to achieve the purpose of cost reduction and efficiency improvement and continuous upgrading of service quality. We will continue to make use of digitalisation to drive the improvement and upgrading of our service products, increase investment in research capital and manpower to build up our technological capabilities in the context of property management, and through iteration and upgrading of digital technology, enable all individuals involved in property services to enjoy the convenient experience brought by digital intelligence, and jointly promote the transformation of traditional property services into modern properties.

Further enhancing business scale and improving the operational capability to promote high-quality development of commercial and office building business

We continue to focus on commercial and office building business, and have successively won the bids for projects of central enterprises, state-owned enterprises, leading enterprises in the industry, top 500 enterprises and in the related industrial chain both upstream and downstream. In addition, by strengthening the strategic layout in key cities, we have built innovative commercial and office building service carriers together with government, enterprises, institutions and local city investment companies, setting up joint ventures, such as Bishang Chengdu (碧商成都), Nanjing Bishang Yueji (南京碧商悦集), Tianjin Bishang Zhongruicheng (天津碧商中瑞程), which have collected the resource advantages from all parties to jointly secure high-quality market projects, including Shanghai Changyang Chuanggu Industrial Park (上海長陽創穀產業園), Tianjin City Investment Building (天津城投大廈), Beijing Ruidu International Commercial Plaza (北京瑞都國際商業廣場) and so on.

In the future, CG Services will further define the commercial and office building business as an important component of Group's businesses strategy. We will continue to promote the operation and management to realise high-quality development of projects around operation capabilities, service capabilities and guarantee capabilities, and further enhance the comprehensive competitiveness of large-scale equity companies and key commercial and office building projects; set up an excellent benchmark for commercial and office building projects, upgrade and refine the standards of commercial and office building service, explore the value-added service opportunities in the context of commercial and office buildings, improve the customers' business space experience, and help customers to preserve and increase the value of their assets.

Exploring 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 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 facility management, asset management, and technology. We will also vertically build a professional service value chain, 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 year ended 31 December 2022, the total revenue increased by approximately 43.4% to approximately RMB41,366.6 million from approximately RMB28,843.0 million for the year ended 31 December 2021.

(I) Property management services

During the Year, the revenue from property management services increased by approximately 65.7% to approximately RMB22,855.6 million from approximately RMB13,793.9 million for the year ended 31 December 2021, accounting for approximately 55.3% of the total revenue (for the same period in 2021: approximately 47.8%).

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

	For the year ended/ at 31 December 2022				For the year ended/ at 31 December 2021			
	Revenue		Revenue-bearing GFA		Revenue		Revenue-bearing GFA	
	(RMB'000)	(%)	('000 sq.m.)	(%)	(RMB'000)	(%)	('000 sq.m.)	(%)
Properties developed by the CGH Group *(Note 1)*	9,562,868	41.8	419,030	48.2	7,618,714	55.2	346,360	45.2
Properties developed by independent third-party property developers	13,292,734	58.2	450,095	51.8	6,175,139	44.8	419,383	54.8
Total	22,855,602	100.0	869,125	100.0	13,793,853	100.0	765,743	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 103.4 million sq.m. from approximately 765.7 million sq.m. for the same period in 2021 to approximately 869.1 million sq.m.; among which, the revenue-bearing GFA from management of properties developed by independent third-party property developers increased by approximately 7.3%, and its percentage of the total revenue-bearing GFA decreased by 3.0 percentage points from approximately 54.8% for the same period in 2021 to approximately 51.8%, mainly due to: (i) the conversion of the reserved GFA of the Group into revenue-bearing GFA during the Year; and (ii) the increase in the revenue-bearing GFA of the Group as a result of its acquisitions of relatively large property management companies including Everjoy Services Company Limited ("**Everjoy Services**") during the Year. At the same time, the growth rate of the market expansion business was, to a certain extent, constrained by the downturn of the macroeconomy and a precipitous fall in the real estate market, as well as the sharp decrease in incremental market and the recurrence of the COVID-19 pandemic.

(II) Community value-added services

During the Year, the revenue from community value-added services increased by approximately 20.7% to approximately RMB4,017.5 million from approximately RMB3,327.6 million for the year ended 31 December 2021, accounting for approximately 9.7% of the total revenue (for the same period in 2021: approximately 11.5%).

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

(a) During the Year, the revenue from home services increased by approximately 32.6% to approximately RMB487.7 million from approximately RMB367.9 million for the year ended 31 December 2021.

(b) During the Year, the revenue from home decoration services increased by approximately 5.6% to approximately RMB425.2 million from approximately RMB402.7 million for the year ended 31 December 2021.

(c) During the Year, the revenue from community media services decreased by approximately 0.9% to approximately RMB969.3 million from approximately RMB978.1 million for the year ended 31 December 2021.

(d) During the Year, the revenue from local life services increased by approximately 28.7% to approximately RMB1,422.3 million from approximately RMB1,105.3 million for the year ended 31 December 2021.

(e) During the Year, the revenue from real estate brokerage services increased by approximately 54.0% to approximately RMB388.3 million from approximately RMB252.2 million for the year ended 31 December 2021.

(f) During the Year, the revenue from community area services increased by approximately 46.6% to approximately RMB324.7 million from approximately RMB221.4 million for the year ended 31 December 2021.

The Group continues to build up its professionalism in community value-added life business, always upholding the philosophy of “serving you a better life”, closely following the national policy and the residents’ needs, deeply cultivating the “convenience” construction, continuously expanding the service boundary, focusing on “the community’s readiness for serving the residents’ needs” and deeply exploring the innovative model of “property management services + life services”. The Group launched the “Intelligent Downstairs” (智享樓下) community one-stop life services model during the Year, and built a “Quarter-hour Convenient Living Circle” based on the “Intelligent Downstairs” (智享樓下) in various pilot sites. At the same time, due to the recurrence of the pandemic in 2022, some projects were closed for management and could not be operated, resulting in the growth of the community media business fell short of expectations.

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

During the Year, the revenue from value-added services to non-property owners decreased by approximately 0.4% to approximately RMB2,664.7 million from approximately RMB2,675.1 million for the year ended 31 December 2021, accounting for approximately 6.4% of the total revenue (for the same period in 2021: approximately 9.3%).

The decrease in revenue from value-added services to non-property owners was mainly due to the downturn in the real estate economy, which resulted in a decline in sales assistance consulting services and sales agency services of unsold parking spaces and properties.

(IV) Three Supplies and Property Management Businesses

During the Year, 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 64.2% to approximately RMB4,117.8 million from approximately RMB2,507.5 million for the year ended 31 December 2021, accounting for approximately 10.0% of the total revenue (for the same period in 2021: approximately 8.7%).

The revenue from heat supply services increased by approximately 17.5% to approximately RMB1,435.3 million from approximately RMB1,221.8 million for the year ended 31 December 2021, accounting for approximately 3.5% of the total revenue (for the same period in 2021: approximately 4.2%).

The increase in the revenue from the "Three Supplies and Property Management" businesses was mainly due to the acquisition of new business contracts and the growth in the number of service projects, and the further increase in the scale of community value-added services.

(V) City Services

During the Year, the revenue from city services increased from approximately RMB4,529.0 million for the year ended 31 December 2021 to approximately RMB4,836.9 million, representing an increase of approximately 6.8% and accounting for approximately 11.7% of total revenue (for the same period in 2021: approximately 15.7%).

The growth of revenue from city services was mainly due to the increase in city services project numbers during the Year. The Group adhered to the strategy of focusing on new urbanization. With "Good Governance, Good Business Environment, Beautiful Environment and Public benefits" as core value, on the basis of sharing ecological partners and resource platforms, the Group continuously adjusted and optimized its business, empowered integrated city services through the digital platform and AI technology, supported government in their efforts to improve urban governance, and promoted the synergistic development of urban civilization and economy. During the year, the Group announced the City Service Partner Programme 2.0, to construct a "One-stop • Sunny" digital service platform of city partnership, achieve resource sharing, operational transparency and mutual trust to the largest extend, work together to build the city services ecological chain.

(VI) Commercial Operational Services

During the Year, the revenue from commercial operational services increased from approximately RMB654.2 million for the year ended 31 December 2021 to approximately RMB1,285.1 million, representing an increase of approximately 96.5%, accounting for approximately 3.1% of the total revenue (for the same period in 2021: approximately 2.3%).

The growth of revenue from commercial operational services was mainly due to the significant increase in the number of commercial projects during the Year, as compared to the same period last year as the Group has focused on development of commercial operational business since April 2021. The Group is capable of creating a full-chain professional commercial property service ranging from early investment, positioning planning, design, construction, business solicitation, operation promotion to project exit, and has the ability to build a diversified commercial ecosystem integrating commercial and business market and characteristic cultural tourism through integrating high-quality business resources and new business models, with an aim to realize the development of all business forms.

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 sales of goods, (ix) transportation cost, (x) office and communication cost, (xi) taxes and surcharges, (xii) employee uniform expenses, (xiii) depreciation and amortisation charges, (xiv) community activities cost, (xv) travelling and entertainment cost, (xvi) construction costs for infrastructure under service concession arrangements, and (xvii) others. During the Year, the costs were approximately RMB31,109.1 million, representing an increase of approximately 55.7% as compared to approximately RMB19,979.0 million for the year ended 31 December 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 in various costs, as well as the increase in the amortization costs of intangible assets — contracts and customer relationships and brands — arising from mergers and acquisitions.

Gross Profit and Gross Profit Margin

During the Year, the overall gross profit increased by approximately RMB1,393.5 million to approximately RMB10,257.5 million from approximately RMB8,864.0 million for the year ended 31 December 2021, representing an increase of approximately 15.7%.

During the Year, the overall gross profit margin decreased by 5.9 percentage points to approximately 24.8% from approximately 30.7% for the year ended 31 December 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 Year; (iii) the Group has expanded its talent pool for the business development in the future, but the growth rate of business has been restrained by the pandemic and macroeconomic fluctuations; and (iv) changes in the business structure of the Group during the Year.

During the Year, adjusted overall gross profit was approximately 28.6% (for the same period in 2021: approximately 32.5%) excluding the impact of adjustment of management staff and amortisation charges of intangible assets — contracts and customer relationships and brands — arising from mergers and acquisitions.

(i) Property management services

During the Year, the gross profit margin of property management services decreased by 4.8 percentage points to approximately 25.5% from approximately 30.3% for the year ended 31 December 2021.

The decrease in the gross profit margin of property management services was mainly due to (i) the increase in the amortization costs of intangible assets — contracts and customer relationships and brands — arising from mergers and acquisitions; (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 1.1 percentage points from approximately 32.3% for the year ended 31 December 2021 to approximately 31.2%, excluding the impact of adjustment of management staff and amortisation charges of intangible assets — contracts and customer relationships and brands — arising from mergers and acquisitions.

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

During the Year, the gross profit margin of community value-added services decreased by 7.0 percentage points to approximately 53.5% from approximately 60.5% for the year ended 31 December 2021.

The decrease in gross profit margins of community value-added services was mainly due to the hinder on the community media business by the impact of the pandemic and the increased percentage contribution of local living business, which had relatively low gross profit margin.

The adjusted gross profit margin of community value-added services segment decreased by 6.0 percentage points from approximately 61.6% for the year ended 31 December 2021 to approximately 55.6%, excluding the impact of adjustment of management staff and 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 Year, the gross profit margin of value-added services to non-property owners decreased by 27.3 percentage points to approximately 13.6% from approximately 40.9% for the year ended 31 December 2021.

The decrease in the gross profit margin of value-added services to non-property owners was mainly due to the contraction of sales assistance consulting services and sales services for parking spaces and unsold properties by the impact of the recession of the real estate economy.

(iv) ***Three Supplies and Property Management Businesses***

During the Year, for the "Three Supplies and Property Management" businesses, the gross profit margin of property management and other related services decreased from approximately 11.6% for the year ended 31 December 2021 to approximately 8.8%, representing a decrease of 2.8 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 change in business structure and the larger proportion of businesses with low gross profit margins.

During the Year, for the "Three Supplies and Property Management" businesses, the gross profit margin of heat supply services decreased from approximately 10.4% for the year ended 31 December 2021 to approximately 9.5%, representing a decrease of 0.9 percentage points. The gross profit margin of heat supply services under the "Three Supplies and Property Management" businesses was relatively stable.

(v) ***City Services***

During the Year, the gross profit margin of city services increased from approximately 17.6% for the year ended 31 December 2021 to approximately 18.8%, representing an increase of 1.2 percentage points.

The gross profit margin of city services was relatively stable.

The adjusted gross profit margin of city services segment increased by 1.0 percentage point from approximately 21.6% for the year ended 31 December 2021 to approximately 22.6% 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 Year, the gross profit margin of commercial operational services decreased from approximately 50.3% for the year ended 31 December 2021 to approximately 35.5%, representing a decrease of 14.8 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 14.4 percentage points from approximately 52.1% for the year ended 31 December 2021 to approximately 37.7% 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 Year, selling and marketing expenses were approximately RMB437.7 million, representing an increase of approximately 29.7% as compared with approximately RMB337.6 million for the year ended 31 December 2021.

The increase in selling and marketing expenses was mainly due to the increase in the market expansion expenses required for the business development of the Group.

General and Administrative Expenses

During the Year, general and administrative expenses were approximately RMB4,270.3 million, representing an increase of approximately 31.0% as compared with approximately RMB3,259.4 million for the year ended 31 December 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 1.0 percentage point from 11.3% for the same period in 2021 to approximately 10.3% which was mainly due to the adjustment of some management staff to front-line operations resulted from the Group's continuous innovation of its organizational management model.

In addition, the adjusted percentage of general and administrative expenses decreased by 0.3 percentage point from approximately 10.5% for the same period in 2021 to approximately 10.2% excluding the expense of share options.

Other Income

During the Year, other income was approximately RMB537.7 million, representing an increase of approximately 170.7% as compared with approximately RMB198.6 million for the year ended 31 December 2021.

The increase in other income was mainly due to the dividends received from the financial assets at fair value through other comprehensive income during the Year and the acquisition of certain large property management companies in 2022, 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 (losses)/gains — Net

During the Year, other (losses)/gains — net were approximately RMB-114.2 million, representing a decrease of approximately RMB566.1 million as compared with approximately RMB451.9 million for the year ended 31 December 2021.

The decrease in other gains — net was mainly due to the decrease in realised and unrealised gains on the financial assets at fair value through profit or loss and in foreign exchange gains as a result of fluctuations in market conditions as compared with the same period last year and the loss on disposal of subsidiaries during the Year.

Finance Costs — Net

During the Year, finance costs — net were approximately RMB72.1 million, representing a decrease of approximately RMB25.7 million compared with approximately RMB97.8 million for the year ended 31 December 2021.

The decrease in finance costs — net was mainly due to the decrease in interest expenses as compared with the same period last year as a result of the due redemption and cancellation of the convertible bonds issued in 2021 on 1 June 2022.

Income Tax Expense

During the Year, income tax expense was approximately RMB1,224.3 million, representing a decrease of approximately 7.5% compared to approximately RMB1,323.4 million for the year ended 31 December 2021.

The decrease in income tax expense was mainly due to the decrease in total profit before tax of the Group for the year ended 31 December 2022.

Profit for the Year

During the Year, the net profit of the Group was approximately RMB2,261.3 million, representing a decrease of approximately 48.0% compared to approximately RMB4,349.5 million for the year ended 31 December 2021.

During the Year, the profit attributable to the Shareholders of the Company was approximately RMB1,943.4 million, representing a decrease of approximately 51.8% compared to approximately RMB4,033.4 million for the year ended 31 December 2021.

During the Year, the profit attributable to the non-controlling interests of the Company was approximately RMB317.9 million, representing an increase of approximately 0.6% compared to approximately RMB316.1 million for the year ended 31 December 2021.

During the Year, the core net profit attributable to the Shareholders of the Company was approximately RMB5,021.8 million, representing an increase of approximately 9.0% compared to approximately RMB4,606.9 million for the year ended 31 December 2021.

* Core net profit attributable to the owners of the Company excluding borrowing costs of convertible bonds, share-based payment expenses, unrealised gains or losses from financial assets at fair value through profit or loss, amortisation charges of intangible assets — contracts and customer relationships, insurance brokerage license and brands — arising from mergers and acquisitions, impairment of goodwill and other intangible assets, impairment of loans to third parties pledged by equities, losses from disposal of subsidiaries and expected credit losses on external guarantee.

Intangible Assets

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

As at 31 December 2022, the intangible assets of the Group were approximately RMB25,953.4 million, representing a decrease of approximately RMB1,991.4 million compared to approximately RMB27,944.8 million as at 31 December 2021, which was mainly due to the goodwill and intangible assets impairment of certain equity acquisition companies of the Group of approximately RMB1,770.4 million during the Year and the decrease in goodwill and intangible assets arising from the disposal of certain subsidiaries of approximately RMB320.3 million, as well as several equity acquisitions completed by the Group during the Year, resulting in goodwill of approximately RMB586.2 million, contracts and customer relationships of approximately RMB188.7 million, brands of approximately RMB96.9 million and concession intangible assets of RMB116.9 million carried forward from contract assets. On the other hand, the amortization of contracts and customer relationships, insurance brokerage license, brands and concession intangible assets arising from the acquisitions during the Year was approximately RMB1,080.4 million.

Financial Assets at Fair Value through Other Comprehensive Income

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

As at 31 December 2022, the balance of financial assets at fair value through other comprehensive income of the Group was approximately RMB4,151.6 million, representing a decrease of approximately RMB12.9 million compared to approximately RMB4,164.5 million as at 31 December 2021. This was mainly due to the disposal of several investments and Everjoy Services being accounted for as a subsidiary of the Group as a result of the further acquisition of its equity interests to 100% by the Group during the Year.

Each asset related to the financial assets at fair value through other comprehensive income held by the Group was not subject to the disclosure obligation under Chapter 14/14A of the Listing Rules at the point in time when acquisition occurred.

Trade and Other Receivables

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

As at 31 December 2022, the Group recorded net trade receivables of approximately RMB15,358.1 million, representing an increase of approximately RMB5,069.7 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 Year.

The net other receivables of approximately RMB5,441.5 million as at 31 December 2022, representing an increase of approximately RMB1,252.6 million compared to approximately RMB4,188.9 million as at 31 December 2021, mainly due to the increase in deposits, payments on behalf of property owners, receivables from finance leases and loans to third parties pledged by equities.

Financial Assets at Fair Value through Profit or Loss

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

As at 31 December 2022, the balance of financial assets at fair value through profit or loss of the Group amounted to approximately RMB862.8 million, representing a decrease of approximately RMB2,793.4 million as compared with approximately RMB3,656.2 million as at 31 December 2021, which was mainly due to the redemption of a majority of the Group's wealth management products, the decrease in valuation of the close-ended fund held by the Group as a result of the volatile market conditions, and Hopefluent Group Holdings Limited ("**Hopefluent**") being accounted for as an associate as a result of the increase in the Group's shareholding in Hopefulent from approximately 3.53% to approximately 25%, resulting from the further acquisition of approximately 21.47% equity interests in Hopefluent by the Group during the Year.

Contract Liabilities

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

The contract liabilities increased from approximately RMB4,535.7 million as at 31 December 2021 to approximately RMB5,981.9 million as at 31 December 2022, representing an increase of approximately RMB1,446.2 million, mainly due to the increase in the advance payments for property management services as a result of the increase in the revenue-bearing GFA and the increase in advance payments received arising from new business expansion during the Year.

Trade and Other Payables

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

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

As at 31 December 2022, trade payables of the Group were approximately RMB5,976.6 million, representing an increase of approximately RMB1,482.2 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 increased from approximately RMB6,538.8 million as at 31 December 2021 to approximately RMB6,785.3 million as at 31 December 2022, primarily due to the increase in deposits.

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 by the Company during the Year.

As at 31 December 2022, the bank and other borrowings of the Group amounted to approximately RMB2,253.6 million (31 December 2021: approximately RMB1,122.5 million). All borrowings due during the Year were repaid on time.

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

Liquidity, Financial and Capital Resources

The Group is in a good financial position and its working capital during the Year was financed by internal funds generated from operations, bank loans and paid-in capitals from shareholders.

As at 31 December 2022, total bank deposits and cash (including restricted bank deposits) of the Group were approximately RMB11,376.8 million, representing a decrease of approximately RMB379.1 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:

	31 December 2022		31 December 2021	
	(RMB'000)	**(%)**	(RMB'000)	(%)
RMB	**11,182,834**	**98.3**	5,741,171	48.8
HKD	**104,259**	**0.9**	5,962,307	50.7
Other currencies	**89,679**	**0.8**	52,423	0.5
	11,376,772	**100.0**	11,755,901	100.0

Out of the total bank deposits and cash of the Group, restricted bank deposits of approximately RMB161.0 million (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 31 December 2022, the net current assets of the Group were approximately RMB9,662.3 million (31 December 2021: approximately RMB6,409.9 million). The current ratio (current assets/current liabilities) of the Group was 1.4 times (31 December 2021: 1.3 times).

For identification purposes only

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 services 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, trade receivables, a closed-end fund and equity investments in an entity 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 strategies as appropriate to reduce foreign exchange risks.

Employees and Remuneration Policies

As at 31 December 2022, the Group had 227,759 employees (31 December 2021: 223,667 employees). During the Year, the total staff costs were approximately RMB16,172.0 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, 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 (the "**Share Option Scheme**") 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 (the "**Pre-Listing Share Option Scheme**") adopted by shareholders of the Company on 13 March 2018 by two employees (not being Directors).

Employee Training and Development

In 2022, the Group reached a consensus on talent management with each unit to further focus on building new business talent of the Group. Relying on the building and empowerment of talent management teams, the Group created a normalized pattern of talent management and strong atmosphere for publicity while taking talent management strategy to the Group's development.

Through a combination of live online and offline training the Company recorded an increase of 37% in cumulative number of training sessions organized in 2022 as compared with the previous year, reaching 4,998 sessions.

In terms of frontline positions, on the basis of guaranteeing 100% training coverage for new employees, the Group strengthened the training of department heads of reserve projects, covering 6,285 trainees and 5,657 graduates, with a completion rate of 90% in 2022; in terms of in-service key group cadres, we maintained the normalized training, organized 11 sessions in total, with 46,000 participants.

At the same time, in order to support the Group's business development strategy with higher efficiency, we will further broadened the boundaries of leadership succession plan in 2022, formed a training system covering the five major businesses of operation, namely value-added, market development, city services and commercial office buildings, identified and trained 300 reserve cadres for new business, and developed a total of 115 premium courses of new business to meet the needs of training reserve cadres for new business.

Charge on Assets

As at 31 December 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 rights of collection of several city service projects and certain equipment. In addition, CG Life Services, 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

Please refer to note 30 to the consolidated financial statements for details of contingent liabilities as at 31 December 2022, which were contingent consideration arising from business combinations. Save as disclosed, the Group did not have any other contingent liabilities.

External Guarantee

As at 31 December 2022, save as disclosed in note 41 to the consolidated financial statements, the Group did not have any other external guarantee.

Material Acquisitions, Disposal and Significant Investments

During the Year, save for those disclosed in section headed "Major Events during the Year" below, the Group had no other material acquisitions or disposals of subsidiaries, associates and joint ventures and no individually significant investments.

MAJOR EVENTS DURING THE YEAR

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 Group Co., Limited ("**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 receiving the 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 being 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, which are conducive to safeguarding the interests of the Shareholders of the Company.

As at the date of this report, 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 Link Joy Holdings 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 Shareholders**"), 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) (collectively, the "Minority Shareholders", together with the Majority Shareholders, the "**Everjoy Services Vendors**"), pursuant to which CG Property Services HK agreed to acquire a total of approximately 93.76% equity interest in Everjoy Services Company Limited ("**Everjoy Services**") at a consideration of no more than approximately RMB3,129 million in cash (the "**Everjoy Services 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 Everjoy Services 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 Everjoy Services 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 Shareholders), 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 Everjoy Services 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.

Entering into the Everjoy Services Acquisition 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 report, according to the Everjoy Services Acquisition, CG Property Services HK has paid to the Everjoy Services Vendors part of the consideration of approximately RMB829 million, of which (i) approximately RMB747 million (equivalent to approximately HKD904 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 of 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 equity transfer has been completed and post-investment takeover in respect of the Everjoy Services 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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Yang Huiyan (楊惠妍), aged 41, was appointed as a Non-executive Director and the Chairman of the Board on 9 March 2018 and is responsible for the formulation and provision of guidance and development strategies for the overall development of the Group. Ms. Yang is also the chairman of the nomination committee and a member of the remuneration committee of the Company, as well as a director of certain members of the Group. Ms. Yang is a controlling shareholder of the Company indirectly holding the shares of the Company through Concrete Win and Fortune Warrior (both of which are beneficially wholly-owned by Ms. Yang with Ms. Yang as a director).

Ms. Yang joined CGH in March 2005 as a general manager of the procurement department, where she was responsible for overall procurement decision making until November 2006. Ms. Yang was appointed as an executive director of CGH in December 2006, a vice chairman of CGH in March 2012 and was re-designated from a vice chairman of CGH to a co-chairman of CGH in December 2018 and succeeded the chairman of CGH from a co-chairman of CGH in March 2023. Ms. Yang is also the chairman of the nomination committee, the corporate governance committee, the environmental, social and governance committee and the executive committee as well as a member of the remuneration committee and the finance committee of CGH and a director of various members of the CGH Group.

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

Ms. Yang was awarded "China Charity Award Special Contribution Award" in 2008, "China Poverty Alleviation Award Contribution Award" in 2019 and "The 11th China Charity Award Individual Donor Award" in 2021.

Mr. Li Changjiang (李長江), aged 57, was appointed as an Executive Director on 9 March 2018 and has been the president of CG Life Services since he joined the Group in December 2011. Mr. Li is primarily responsible for the overall strategic decision-making, business planning and major operational decision-making of the Group. Mr. Li is also the chairman of the environmental, social and governance committee of the Company, as well as a director of certain members of the Group.

From March 1997 to September 2006, Mr. Li held various positions including administrative director at Guangzhou Everbright Garden Property Management Company Limited* (廣州市光大花園物業管理有限公司) from March 1997 to May 1999, property manager at Shenzhen Expander Property Management Company Limited* (深圳市城建物業管理有限公司) from May 1999 to April 2002 and property manager and assistant general manager at Shenzhen Gemdale Property Management Company Limited* (深圳市金地物業管理有限公司) from April 2002 to September 2006, where he was responsible for various tasks, including administrative management, customer services management, marketing and property management. From September 2006 to December 2011, Mr. Li was a regional director within the group of A-Living Smart City Services Co., Ltd.* (雅生活智慧城市服務股份有限公司) (formerly known as A-Living Services Co., Ltd.* (雅居樂雅生活服務股份有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 3319), where he was mainly responsible for the overall operation and management of property management in the Southern China region. From 17 June 2021, he is also an executive director of 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), a company whose shares were listed on the Stock Exchange (stock code: 2606) until it was delisted in August 2021.

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

* For identification purpose only

Mr. Xiao Hua (肖華), aged 45, was appointed as an Executive Director on 9 March 2018 and has been the vice president of CG Life Services since February 2013. Mr. Xiao is primarily responsible for the overall management of Guangzhou Tianli Property Service Co., Ltd* (廣州天力物業發展有限公司), the main domestic entity of Wealth Best Global, and its subsidiaries (the "**Tianli Property Group**") since January 2022. Mr. Xiao is also a member of the environmental, social and governance committee of the Company, as well as a director of certain members of the Group.

From April 2002 to April 2009, Mr. Xiao worked at the Group as an assistant manager, a deputy manager and a manager at Chencun branch office in Guangdong, where he was mainly responsible for the security management and providing assistance to day-to-day operation of the branch office, and a deputy manager, a manager and a senior manager at Huabi branch office in Guangdong, where he was mainly responsible for the day-to-day operation and management of the branch office. From April 2009 to December 2009, Mr. Xiao was promoted to regional director at Changsha branch office and in January 2010, he was transferred to regional director of Zengcheng branch office, where he was primarily responsible for the overall operation, management and brand development of property management services until February 2013. From February 2013 to December 2018, Mr. Xiao served as vice president of CG Life Services, mainly responsible for the overall management of value-added services to non-property owners. Since January 2019, Mr. Xiao has started to serve as a director of Baoshihua Home Investment Management Company Limited* (寶石花家園投資管理有限公司) and its subsidiaries while serving as the vice president of CG Life services, participating in the overall management of Baoshihua.

Mr. Guo Zhanjun (郭戰軍), aged 43, was appointed as an Executive Director on 9 March 2018 and has been the vice president of CG Life Services since he joined the Group in August 2017. Mr. Guo is primarily responsible for overall management of human resources of the Group. Mr. Guo is also a member of the environmental, social and governance committee of the Company, as well as a director of certain members of the Group.

Prior to joining the Group, from July 2002 to September 2010, Mr. Guo held various positions including human resource supervisor at Zhengzhou Yutong Bus Company Limited* (鄭州宇通客車股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600066), manager, senior manager and head of the human resources department at GD Midea Air-Conditioning Equipment Co., Ltd* (廣東美的製冷設備有限公司) and human resources director at AUX Group Co., Ltd.* (奧克斯集團有限公司), a company mainly engaged in the manufacturing and sales of electrical equipment and home appliances. From August 2011 to March 2013, Mr. Guo was the head of the human resources department in the concrete business unit of Zoomlion Heavy Industry Science and Technology Co., Ltd. (中聯重科股份有限公司) (formerly known as Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd. (長沙中聯重工科技發展股份有限公司)), a company listed on the Shenzhen Stock Exchange (stock code: 000157) and the Main Board of the Stock Exchange (stock code: 1157).

Mr. Guo joined the CGH Group as a deputy general manager of the training and development department in July 2013 and was promoted to human resources director of Jiangzhong region in April 2014 and general manager of the recruiting department in January 2016, where he was mainly responsible for human resources planning and management. From June 2016 to February 2017, he left the CGH Group and joined the Beijing branch office of Thaihot Group Co., Ltd.* (泰禾集團股份有限公司北京分公司), a company listed on the Shenzhen Stock Exchange (stock code: 000732), as a deputy general manager of the human resources department and human resources director of the Beijing region. Mr. Guo returned to the CGH Group as the assistant general manager of the human resources management centre in February 2017 and was responsible for human resources planning and management until June 2017. From 17 June 2021, he is also a non-executive director of 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), a company whose shares were listed on the Stock Exchange (stock code: 2606) until it was delisted in August 2021.

Mr. Guo graduated from Renmin University of China (中國人民大學) in the PRC in July 2002, where he obtained a bachelor degree in environmental economic and resource management. He is currently studying a Ph.D. in Business Administration at Belhaven University.

Mr. Mei Wenjue (梅文珏), aged 53, was appointed as an Independent Non-executive Director on 25 May 2018 and is responsible for providing independent advice to the Board. Mr. Mei is also a member of the audit committee and the remuneration committee of the Company.

From 1994 to September 2008, Mr. Mei worked at China Southern Airlines Company Limited (中國南方航空股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600029), the New York Stock Exchange (stock code: ZNH) and the Main Board of the Stock Exchange (stock code: 1055). From September 2008 to October 2014, he served as the chief representative at the Shenzhen Office of China Europe International Business School (中歐國際工商學院). Mr. Mei served as an independent non-executive director of the board at Miko International Holdings Limited (米格國際控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1247), from December 2013 to March 2016. From November 2014 to December 2020, Mr. Mei also served as the general manager at Guangzhou Ruizhi Car Rental Company Limited* (廣州瑞致租車有限公司) (a company primarily engaged in car rental business). Mr. Mei is currently the director of Guangzhou Ruizhi Car Rental Company Limited* (廣州瑞致租車有限公司), where he directs the company strategy planning and he also oversees the overall operations.

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

Mr. Rui Meng (芮萌), aged 55, was appointed as an Independent Non-executive Director on 25 May 2018 and is responsible for providing independent advice to the Board. Mr. Rui is also the chairman of the audit committee and a member of the nomination committee of the Company.

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

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

Mr. Rui was an independent director of the board at Winner Technology Co., Inc.* (匯納科技股份有限公司) (formerly known as Shanghai Winner Information Technology Co., Inc.* (上海匯納信息科技股份有限公司)), a company listed on the Shenzhen Stock Exchange (stock code: 300609) from November 2014 to May 2020 and an independent director of the board at COSCO Shipping Energy Transportation Co., Ltd.* (中遠海運能源運輸股份有限公司), a company listed on both the Main Board of the Stock Exchange (stock code: 1138) and the Shanghai Stock Exchange (stock code: 600026), from June 2015 to June 2021. From June 2021 to August 2021, he was also an independent non-executive director of 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), a company whose shares were listed on the Main Board of the Stock Exchange (stock code: 2606) and were withdrawn from listing in August 2021. He currently serves as an independent director of the board at Shang Gong Group Co., Ltd.* (上工申貝(集團)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600843), an independent non-executive director of the board at China Education Group Holdings Limited (中國教育集團控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 0839), an independent non-executive director of the board of Landsea Green Management Limited (朗詩綠色管理有限公司) (formerly known as Landsea Green Properties Co., Ltd. (朗詩綠色地產有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 106), an independent non-executive director of the board at Dexin Services Group Limited (德信服務集團有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 2215), an independent director of the board at Shanghai Hydee Software Corp., Ltd. (上海海典軟件股份有限公司), a company listed on the National Equities Exchange and Quotations (stock code: 831317), an independent director of JIAYIN GROUP INC., a company listed on the Nasdaq Stock Exchange (stock code: JFIN), an independent director of Bright Scholar, a company listed on the New York Stock Exchange (stock code: BEDU).

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

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

Mr. Chen was an assistant professor of strategy at the Asia Campus of INSEAD (歐洲工商管理學院) from September 2003 to 2011 and an associate professor of strategy at China Europe International Business School (中歐國際工商學院) from July 2011 to August 2017.

Mr. Chen served as the chief strategy officer at Zhejiang Cainiao Supply Chain Management Company Limited* (浙江菜鳥供應鏈管理有限公司) (a company primarily engaged in smart logistics platform) from August 2017 to January 2019. He was the director of Industry Internet Center of Alibaba Business School from February 2019 to July 2020. He has been an associate professor of strategy at China Europe International Business School (中歐國際工商學院) since August 2020. He was an independent director of TAI-SAW TECHNOLOGY CO., LTD., a company listed on the Taiwan Stock Exchange (company code: 3221) from April 2017 to June 2019, an independent director of Fangdd Network Group Ltd. (房多多網絡集團有限公司), a company listed on the Nasdaq (stock code: DUO) from October 2019 to November 2022, and an independent director of Blue City Holdings Limited (藍城兄弟控股有限公司), a company listed on the Nasdaq (stock code: BLCT), which withdrawn from listing in August 2022, from January 2021 to August 2022.

Mr. Chen currently serves as an independent director of the board at TAL Education Group (好未來教育集團), a company listed on the New York Stock Exchange (stock code: TAL), an independent director of the board at Dian Diagnostics Group Co., Ltd. (迪安診斷技術集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300244), an independent director of the board at Jack Technology Co., Ltd. (傑克科技股份有限公司), formerly known as Jack Sewing Machine Co., Ltd. (傑克縫紉機股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603337), an independent director of WPG Holdings Limited (大聯大投資控股股份有限公司), a company listed on the Taiwan Stock Exchange (company code: 3702) and an independent non-executive director of Vision Deal HK Acquisition Corp., a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 7827).

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

Mr. Xu Binhuai (徐彬淮), aged 44, was appointed as the Chief Strategy Officer in October 2016 and is primarily responsible for business innovation strategic planning, operation management, digital management and community life service business operation. Mr. Xu is also a director of certain members of the Group.

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

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

Mr. Huang Peng (黃鵬), aged 39, was appointed as the Chief Financial Officer in September 2016 and is primarily responsible for financial management, strategic investment management, operation management, compliance and company secretarial matters of our Group. Mr. Huang is also a director of certain members of the Group.

Prior to joining the Group, from April 2006 to September 2009, Mr. Huang served as listing office manager and manager of securities department in Vtron Group Co., Ltd.* (威創集團股份有限公司) (formerly known as Guangdong Vtron Video Technologies Company Limited* (廣東威創視訊科技股份有限公司)), a company listed on the Shenzhen Stock Exchange (stock code: 002308), where he was responsible for investor relations and investment management. From October 2009 to December 2015, he served in various positions including as the head of finance, secretary of the board and deputy general manager in Pony Test Group Company Limited* (譜尼測試集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300887), where he was responsible for financial management and board secretarial matters. Mr. Huang served as an independent director of the board at Beijing Arrays Medical Imaging Corporation* (北京銳視康科技發展有限公司), a company engaged in production and sales of medical imaging equipment, from December 2015 to December 2016.

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

Mr. Yuan Hongkai (袁鴻凱), aged 44, was appointed as the Chief Information Officer in February 2017 and is primarily responsible for informatization solutions and intelligent technology management. Mr. Yuan joined CG Life Services as information management consultant in June 2016. Mr. Yuan is also a director of certain members of the Group.

Prior to joining the Group, from July 2000 to May 2016, Mr. Yuan served in various positions including assistant to the general manager from July 2000 to March 2011 at China Sigma Co., Ltd.* (中國希格瑪有限公司) (an investment company mainly engaged in development and sales of high technology and construction materials) where he was primarily responsible for the group's informatization and had set up a group-wide information system for various business segments invested by the group including the real estate segment, medical care segment, hotel management segment, property management segment, golf and retail segment, etc.; information technology director from March 2011 to December 2013 at Aoyuan Beauty Valley Technology Co., Ltd. (formerly known as Kinghand Real Estate Development Group Company Limited* (京漢實業投資集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 000615), which is principally engaged in real estate development and sales), where he was responsible for setting up the overall management system of the company, assisting the company in managing the tender, procurement, design, cost and project management involved in the whole real estate development chain, as well as establishing an integrated information system for financial management based on comprehensive budgeting and providing information management support for the company's listing and standardized management; and director and vice president of the board at Easy Life Smart Community Services Group Co., Ltd. (formerly known as Easy Life (Beijing) Smart Community Investment and Development Company Limited* (樂生活(北京)智慧社區投資發展股份有限公司), a company listed on the National Equities Exchange and Quotations (stock code: 837249) and it has been delisted in September 2020, which is mainly engaged in property management services) from January 2014 to May 2016, where he was responsible for research and development of information management system technology and establishment of community business service system, and during such period he had set up a new property information management system and established an online and offline community business service system.

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

Mr. Li Ka Lun (李家麟), aged 35, was appointed as a Vice President in July 2019. He is primarily responsible for the Company's various financing, investment, mergers, acquisitions and internal governance matters.

Mr. Li joined the Group in August 2018 as a finance manager.

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

Mr. Li graduated from the City University of Hong Kong, where he obtained a bachelor degree of Business Administration (Finance) and in 2012. He is a Chartered Financial Analyst (CFA) charterholder of the CFA Institute and a Financial Risk Manager (FRM) of the Global Association of Risk Professionals.

Mr. Leung Chong Shun (梁創順), aged 57, was appointed as a Joint Company Secretary on 9 March 2018. He has been a partner of Woo Kwan Lee & Lo (胡關李羅律師行), a law firm based in Hong Kong, since 1997.

Mr. Leung is currently the company secretary of another four listed companies on the Main Board of the Hong Kong Stock Exchange, namely China Merchants China Direct Investments Limited (招商局中國基金有限公司) (stock code: 0133), China Merchants Port Holdings Company Limited (招商局港口控股有限公司) (stock code:0144), Guangzhou Automobile Group Co., Ltd. (廣州汽車集團股份有限公司) (stock code: 2238) and CGH (stock code: 2007). In addition, Mr. Leung was appointed as the Company Secretary of Longfor Intelligent Living Limited on 30 December 2021.

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

Note: In June 2022, Mr. Gong Shunsong (龔順松), a senior officer, resigned as a senior officer of the Company due to personal career development. Following the resignation, Mr. Gong no longer holds any position in the Group.

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

During the Year, the Company has adopted and complied with all applicable code provisions set out in the Corporate Governance Code.

Compliance With the Model Code for Securities Transactions by Directors

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

Having made specific enquiries, all Directors confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the Year. No incident of non-compliance was found by the Company during the Year. Relevant employees who may be in possession of inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

Board of Directors

Roles and Functions of the Board and Management

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

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

The Board assumes responsibility for leadership, supervision and control of the Company and the members of the Board are collectively responsible for directing and supervising the Company's affairs. The Board is fully responsible for the formulation of business policies and strategies in relation to the business operation of the Group, including but not limited to dividend policy and risk management strategies. The management is delegated with the authority and responsibilities by the Board for the day-to-day management and operation of the Group.

Board Composition

As at 31 December 2022, the Board comprised seven Directors, including three executive Directors (namely Mr. Li Changjiang (President), Mr. Xiao Hua and Mr. Guo Zhanjun), one non-executive Director (namely Ms. Yang Huiyan (Chairman)) and three independent non-executive Directors (namely Mr. Mei Wenjue, Mr. Rui Meng and Mr. Chen Weiru).

During the Year, the Board comprised the following Directors:

Executive Directors:	Mr. Li Changjiang *(President)* Mr. Xiao Hua Mr. Guo Zhanjun
Non-executive Directors:	Ms. Yang Huiyan *(Chairman)* Mr. Yang Zhicheng *(resigned on 24 August 2022)* Ms. Wu Bijun *(resigned on 24 August 2022)*
Independent Non-executive Directors:	Mr. Mei Wenjue Mr. Rui Meng Mr. Chen Weiru

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

Mr. Yang Zhicheng is a cousin of Ms. Yang Huiyan, a controlling Shareholder, the Chairman of the Board and a non-executive Director and Mr. Rui Meng is an independent director of Bright Scholar. Save as disclosed above, there was no relationship among the other members of the Board, including financial, business, family or other material/relevant relationship.

During the Year, the Company arranged for appropriate coverage of Directors' and senior management's liability insurance policy to indemnify the Directors and senior management for liabilities arising from the corporate activities. The coverage and the amount insured under such policy are reviewed annually by the Company. No legal actions were made against any of the Directors in relation to their duties performed for the Company during the Year.

Independent Non-Executive Directors

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

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

In addition to the regular Board meetings, the chairman had meetings with the independent non-executive Directors without the presence of other Directors during the Year.

The Board has adopted effective mechanisms to ensure independent views and input are available to the Board. Subject to approval of the Chairman of the Board, Directors may seek, at the Company's expense, independent legal, financial or other professional advices from advisors independent to those advising the Company as and when necessary in appropriate circumstances to enable them to discharge their responsibilities effectively. The Board will review the implementation and effectiveness of such mechanism on an annual basis.

The Board considers that the above mechanisms are effective in ensuring that independent views and input are provided to the Board.

Directors' Remuneration Policy

According to the Remuneration Policy for Directors and Senior Management currently adopted by the Board, the remuneration packages of the Directors and senior management shall be recommended by the Remuneration Committee to the Board with reference to the remuneration packages of comparable positions in similar companies, business requirements, individual experience, the Directors' performance and duties, etc., and shall be determined by the Board after review and adjusted on a regular basis. The policy specifies the procedures for its formulation and review, the principle of determining the remuneration packages of the Directors, senior management and other employees, and the review of the policy and its disclosure. The policy which is available for review at the Company's website (www.bgyfw.com) also reflects the latest requirements of the Listing Rules.

Directors' Continuing Professional Development

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

Pursuant to code provision C.1.4 of the Corporate Governance Code, Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. According to the records maintained by the Company, during the Year, all the current Directors, being Ms. Yang Huiyan, Mr. Li Changjiang, Mr. Xiao Hua, Mr. Guo Zhanjun, Mr. Mei Wenjue, Mr. Rui Meng and Mr. Chen Weiru, had participated in appropriate continuous professional development activities by ways of attending training sessions, reading articles, newspapers, journals and/or updates relevant to the Company's business or to the Directors' duties and responsibilities and complied with the provisions of code provision C.1.4 of the Corporate Governance Code.

A summary of their training records is as follows:

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

Note 1:

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

2 Reading newspapers, journals and updates

Note 2:

A. Businesses relating to the Company

B. Laws, rules and regulations, accounting standards

Appointment and Re-Election of Directors

Under the requirement of code provision B.2.2 of the Corporate Governance Code, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Each of the Directors is engaged on a service agreement (for executive Directors and non-executive Directors) or an appointment letter (for independent non-executive Directors) for a term of three years. All of them are subject to retirement and re-election in accordance with the articles of association of the Company (the "**Articles of Association**").

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

Board Meetings

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

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

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

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

During the Year, the Directors have made active contribution to the affairs of the Group and five Board meetings were held to consider, among other things, various transactions contemplated by the Group, develop new systems of the Group and amend certain systems of the Group according to the Listing Rules to improve corporate governance and review and approve, among others, the interim results and annual results of the Group.

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

Attendance Records of the Directors

The attendance record of Directors at the Board meetings, the Board committee meetings and the general meetings held during the Year is set out below:

Directors	Number of attendance/Number of meetings held during the year ended 31 December 2022					
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Environmental, Social and Governance Committee Meeting	General Meeting
Executive Directors:						
Mr. Li Changjiang *(President)*	5/5	Not applicable	Not applicable	Not applicable	1/1	1/1
Mr. Xiao Hua	5/5	Not applicable	Not applicable	Not applicable	1/1	1/1
Mr. Guo Zhanjun	5/5	Not applicable	Not applicable	Not applicable	1/1	1/1
Non-executive Directors:						
Ms. Yang Huiyan *(Chairman)*	5/5	Not applicable	1/1	1/1	Not applicable	1/1
Mr. Yang Zhicheng *(resigned on 24 August 2022)*	4/4	Not applicable	Not applicable	Not applicable	Not applicable	1/1
Ms. Wu Bijun *(resigned on 24 August 2022)*	4/4	Not applicable	Not applicable	Not applicable	Not applicable	1/1
Independent Non-executive Directors:						
Mr. Mei Wenjue	5/5	3/3	1/1	Not applicable	Not applicable	1/1
Mr. Rui Meng	5/5	3/3	Not applicable	1/1	Not applicable	1/1
Mr. Chen Weiru	5/5	3/3	1/1	1/1	Not applicable	1/1

Chairman and President

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

Board Committees

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

Audit Committee

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

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

During the Year, the Audit Committee has reviewed the audit planning memorandums, the annual results and annual report for the year ended 31 December 2021, the interim results and interim report for the period ended 30 June 2022, the financial reporting and compliance procedures, connected transactions, report on entrusted financial management status, internal control report, and the remuneration of external auditor and other matters. Besides, the Audit Committee approved the adoption of the Pre-approval of Non-assurance Service Policy by the Company, with an aim to ensure the independence of the auditor of the Company when they provide non-assurance service to the Group.

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

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

Remuneration Committee

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

The responsibilities and authorities of the Remuneration Committee are clearly defined in its terms of reference, the principal duties of which include, inter alia, (i) making recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies; (ii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; (iii) reviewing and/or approving matters relating to share scheme; and (iv) making recommendations to the Board on the remuneration packages of individual Directors and senior management.

The Board together with the Remuneration Committee monitor the performance of the Executive Directors and the senior management. Such division of responsibilities ensures a balance of power. The Remuneration Committee shall meet at any time when necessary. The Board approved the adoption of the revised Terms of Reference of the Remuneration Committee on 29 December 2022 to reflect the latest requirements of the Listing Rules. Terms of reference of the Remuneration Committee are currently available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.bgyfw.com).

The Remuneration Committee held one meeting during the Year. During the meeting, the Remuneration Committee reviewed and recommended to the Board on the disclosures of remuneration and services agreement of Directors in its 2021 Annual Report and 2022 Annual General Meeting Circular, the implementation, cancellation of share options and grant of share options under the Pre-Listing Share Option Scheme and Share Option Scheme as well as approved the implementation. During the Year, the Company had no matters relating to any grants of options to the Directors and senior management of the Company as set out in rule 17.03(F) and rules 17.06B(7) and (8) of the Listing Rules. Details of the emoluments of Directors paid for the year ended 31 December 2022 and the Share Option Scheme are disclosed in the note to the consolidated financial statements and the Report of the Directors, respectively. The attendance record of individual Directors at the Remuneration Committee meetings is listed under the section headed "**Attendance Records of the Directors**" above on a named basis.

Details of the remuneration of each of the Directors for the Year are set out in note 40(a) to the consolidated financial statements.

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

The remuneration of the members of senior management (other than Directors) by band for the Year is set out below:

RMB	Number of members of senior management
0 to 1,000,000	1
1,000,001 to 3,000,000	0
3,000,001 to 6,000,000	4

Nomination Committee

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

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

During the Year, the Nomination Committee held one meeting. During the meeting, the Nomination Committee reviewed and recommended to the Board the policy on diversity of Board members and structure, size and composition of the Board, the independence of independent non-executive Directors and the arrangements for retirement and re-election of Directors at the forthcoming annual general meetings. The attendance record of individual Directors at the Nomination Committee meeting is listed under the section headed "**Attendance Records of the Directors**" above on a named basis.

The nomination policy was adopted on 20 December 2018.

Objectives

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

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

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

Selection Criteria

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

   i. Reputation for integrity

   ii. Accomplishment and experience in different industries

   iii. Commitment in respect of available time and relevant interest

   iv. Independence

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

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

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

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

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

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

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

Nomination Procedures

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

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

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

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

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

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

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

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

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

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

Environmental, Social and Governance Committee

The Environmental, Social and Governance Committee was established in August 2020 with written terms of reference. The Environmental, Social and Governance Committee currently comprises three members, all of which are executive Directors, being Mr. Li Changjiang, Mr. Xiao Hua and Mr. Guo Zhanjun. Mr. Li Changjiang has been appointed as the chairman of the Environmental, Social and Governance Committee. The duties of the Environmental, Social and Governance Committee include, inter alia, (a) formulating and reviewing the environmental, social and governance ("**ESG**") responsibilities, visions, strategies, framework, principles and policies of the Group, strengthening the materiality assessment and reporting process to ensure and implement continuous execution and implementation of the past environmental, social and governance policies passed by the Board of Directors; (b) supervising and reviewing the work of the Group's environmental, social and governance working group and evaluating the Group's environmental, social and governance performance, and reporting to the Board of Directors; (c) supervising the assessment of the environmental and social impact of the Group's business and making recommendations to the Board of Directors, etc.

During the Year, the Environmental, Social and Governance Committee held one meeting and has duly discharged the above duties. The attendance record of individual Directors at the Environmental, Social and Governance Committee meeting is listed under the section headed "**Attendance Records of the Directors**" above on a named basis.

Corporate Governance Function

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

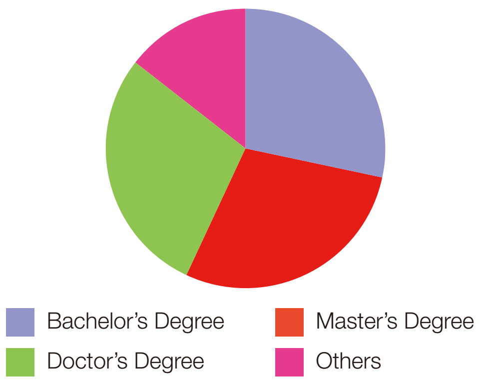
Summary of the Board Diversity Policy

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

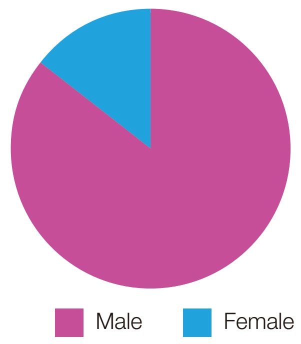
The Company seeks to achieve Board diversity taking into account of a number of factors, including but not limited to, educational background, gender, age, skills and knowledge. The ultimate selection decision will be based on merits and contribution to the Board.

As at 31 December 2022, an analysis of the Board composition based on the range of diversity perspectives is set out as follows:

Educational background (highest)

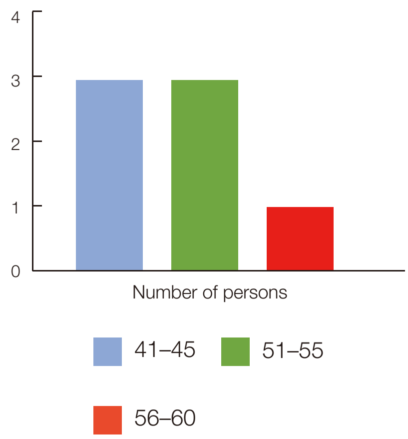


Gender



Skills and knowledge

Age



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

The current Board comprises six male members and one female member. The Board targets to maintain at least the current level of female representation, with the ultimate goal of achieving gender parity. The Board will continue to seek opportunities to increase the proportion of female members over time as and when suitable candidates are identified. The Company is determined to enhance gender diversity in the Board to achieve gender equality in terms of gender ratio. For the diversity of succession plan, the Board will also take the gender diversity of successors into consideration. The Company expects the above is achievable with suitable effort in promoting gender diversity.

While the current senior management of the Company comprises all male members, viewing from the Company's perspective as a whole, as at 31 December 2022, the Company has 227,759 employees in total comprising of approximately 96,611 females and 131,148 males (a male-to-female ratio of 4:3), achieving balanced gender diversity in general and reflecting a gender equality principle generally adhered by the Company. The Company is mindful of the objectives as set out in the diversity policy when assessing the candidacy of the employees, and will ensure that the Company shall continue to follow the policy.

Directors' Responsibility on the Consolidated Financial Statements

The Directors have acknowledged their responsibilities for preparing the financial statements of the Company for the Year in accordance with the legal requirements and applicable accounting standards.

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

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

Deed of Non-Competition

Ms. Yang Huiyan, the ultimate controlling Shareholder of the Company, has entered into the Deed of Non-Competition dated 29 May 2018 in favour of the Company to the effect that she will not, and will procure her respective close associates (except the CGH Group) not to, directly or indirectly participate in, or hold any right or interest in, or otherwise be involved in any business which may be in competition with the business of the Company, further details of which are set out in the section titled "**Deed of Non-Competition**" in the prospectus of the Company dated 6 June 2018.

The Company has received the written confirmation from Ms. Yang Huiyan in respect of her compliance with the Deed of Non-Competition for the Year. The independent non-executive Directors had reviewed the compliance with and enforcement of the Deed of Non-Competition by Ms. Yang for the Year.

Risk Management and Internal Control

Duties of the Board and the Management

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

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

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

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

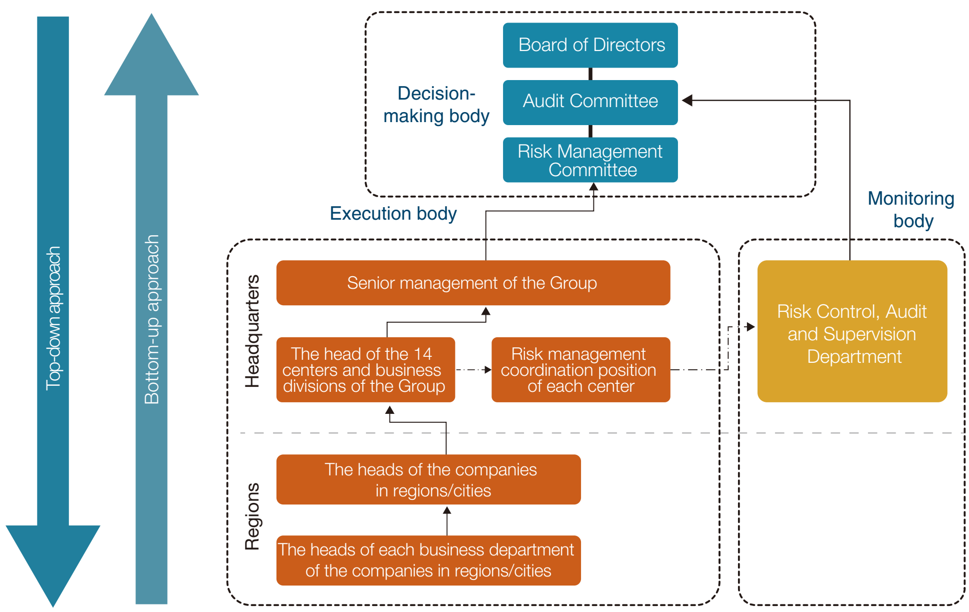
Risk Management

1. Risk Management System Construction:

CG Services set up the top-down bottom-up risk management infrastructure at the group level in the previous year, defined risk management procedures and adopted an active and structured approach to facilitate improvement of its internal risk management culture. During the Year, based on the work achieved in previous years, the Company has continuously improved the risk management system structure and guided the implementation of risk assessment for the whole company and ongoing risk monitoring activities through the following work:

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

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



(Diagram 1: Risk Management Organizational Structure)

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

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

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

3) **Update risk assessment criteria:** during the Year, based on changes in both internal and external environment, and taking into account the Company's business nature and operational features, strategic goals as well as risk preference of the management, the Company has updated the risk assessment criteria which are applicable to the Company, including (finance, operation, regulation, corporate reputation, personnel etc.) qualitative and quantitative considerations. During the risk assessment process, the Company will systematically streamline, assess and sort the risks that are most likely to affect the achievement of corporate objectives through the use of jointly identified assessment methods and criteria and by measuring the possibility of risk occurrence and the impact level of risks. The risks assessed during the Year included not limited to those risks associated with the strategies, market, operation, finance, laws, and ESG.

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

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

5) **Improve the risk management information database:** the Risk Control, Audit and Supervision Department organises the reporting of risk information by each functional center and its subordinate units, collates and compiles it to establish a risk management information database of the Company, so as to jointly identify various types of risk information that may affect the Company's achievement of its goals, improve the accuracy and applicability of risk identification, and assess the effectiveness of previous risk control measures.

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

2. Implementation of corporate risk assessment in 2022

During the Year, based on the established risk management system above, the management has continued to strengthen its risk management with the assistance of external advisory bodies, and has updated and assessed the top ten risks for the year 2022.

In 2022, based on the development keynote of "Year of Endogenous Development", the management has updated the risk assessment criteria and risk database of the Year, taking into account the Company's external regulatory requirements and market conditions, changes of internal business environment, business development and the risk preference of the management. In addition, the management has adopted qualitative and quantitative assessment methods to review the changes in the nature and extent of major risks that the Company is exposed to, analyzed and ranked the identified risks in accordance with the possibility and degree of impact of such risks, combined risk tolerance abilities, weighed the risks and benefits, identified concerns and major risks that require monitoring first, streamlined the current condition of risk control and subsequent response measures and improvement plans. During the Year, the management reported to the Audit Committee the assessment results of the top ten risks in the Year as mentioned above.

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

Internal Control

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

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

In 2022, the management conducted an annual internal control and self-assessment on the ten identified segments in respect of our subordinate 22 regions and eight invested companies. It also conducted an internal control review and internal audit on key business processes, and formulated improvement plans to address the gaps and weaknesses identified in the process. The internal auditing function of the Company has conducted follow-up reviews periodically to ensure remedial actions are taken on a timely basis, and it has reported the results of follow-up reviews to the Audit Committee.

Anti-Corruption System

CG Services adopts zero tolerance for corruption and is determined to combat any form of corruption, bribery, extortion, deception and money laundering. The Company has set up an audit and monitoring function, which is responsible for the overall co-ordination and implementation of the Company's anti-corruption efforts. It is also responsible for conducting investigations into reported leads and guiding the Group's headquarters and subordinate units in their integrity promotion work.

In 2022, the Company held an integrity culture festival, at which the Company promoted the integrity culture and consolidated the integrity awareness through integrity signature, integrity knowledge contests, executives endorsement posters and talent contests.

All Directors have received 2 director trainings, including (1) reviewing and studying the Anti-Corruption Programme – A Guide for Listed Companies issued by the Hong Kong Independent Commission Against Corruption (**ICAC**) on 7 April 2022 and (2) attending the on-line compliance training provided by DLA Piper Hong Kong on 29 December 2022. The theme of the on-line training was "An Introduction to the Hong Kong Bribery System and Case Sharing" (《淺談香港賄賂制度和案例分享》) with a training agenda covering related parts of Hong Kong's anti-bribery law, case studies and proactive measures to reduce risks. The above-mentioned trainings further promoted Directors' awareness of anti-corruption, strengthened their understanding of anti-bribery law, built the correct ethics and values, and enhanced the ability of identifying anti-corruption exposure.

In addition, on 29 December 2022, the Board has adopted and approved the amendments to Regulations on the Management of Professional Conduct of Employees, Regulations on the Management of Conflict of Interest of Employees and Measures for Investigating the Responsibility for Violations and Discipline of Employees, as the anti-corruption policy and whistle-blowing policy of the Group.

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

During the Year, the Board, through the Audit Committee, has conducted a comprehensive review of the risk management and internal control systems of the Company, including major risk assessment and internal control review of key business processes in the Year. The period of this review covered the fiscal year of 2022 with the scope covering the Company's main business and all of the important control aspects, including financial monitoring, operational monitoring and compliance monitoring, and took into account changes in the nature and severity of major risks (including ESG risks), as well as the Company's ability to respond to changes in its business and external environment. The Board considers that the Company has complied with the risk management and internal control provisions set out in the Code of Corporate Governance and that the risk management and internal control systems are effective and adequate.

The Board has reviewed the resources, staff qualifications and experiences of accounting, internal audit, financing reporting functions, as well as those relating to the Company's ESG performance and reporting and the training programs for staff and the relevant budget, and the processes for relevant financial reporting and compliance with Listing Rules, and considered them effective and adequate.

During the year ended 31 December 2022, the Group has implemented procedures and internal controls for the handling and dissemination of inside information. In particular, the Group:

- has conducted its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission in June 2012;
- has established its own disclosure obligation procedures, which set out the procedures and controls for the assessment of potential inside information and the handling and dissemination of inside information. The procedures have been communicated to the senior management and staff of the Company, and their implementation was monitored by the Company; and
- has made broad, non-exclusive disclosure of information to the public through channels such as financial reports, public announcements and its website.

Joint Company Secretaries

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

The primary contact person of the Company with Mr. Leung is Ms. Zhang Lin, the head of the listing company secretariat of the Company.

External Auditor and Auditor's Remuneration

The statement of the external auditor of the Company regarding its reporting responsibilities on the Company's financial statements for the Year is set out in the section headed "**Independent Auditor's Report**" in this annual report.

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

Type of services provided by the external auditor	Amount (RMB)
– 2022 interim financial report	
Professional review service	3,400,000
– 2022 annual financial statements	
Professional audit service	10,750,000
– Non-audit services	2,040,000
– Tax compliance consulting service	1,200,000
– Corporate governance consulting service	394,000
– ESG consulting service	296,000
– Issuance of corporate bonds	150,000
Total:	16,190,000

There was no change of auditor by the Company in the last three financial years.

Constitutional Documents

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

Dividend Policy

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

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

The final dividends for any financial year shall be subject to the approval of the Shareholders, while interim dividends and special dividends shall be subject to the approval of the Board at its discretion. The Company may declare and pay dividends in cash or by way of issuance of Shares as scrip dividends or other ways which may be deemed appropriate by the Board in accordance with the Articles of Association and all applicable laws and regulations.

Communication with Shareholders and Investors

Communication with Shareholders

The Group recognizes the importance of transparent and timely disclosure of corporate information, which enables Shareholders and investors to make the best investment decision. The Company believes that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company has adopted a Shareholders Communication Policy effective as from July 2020, and has revised the policy on 29 December 2022, which sets out the Group's commitment of maintaining an effective ongoing dialogue with Shareholders. In summary, the Company establishes different communication channels with Shareholders and stakeholders including: (i) provision of printed or electronic copies of corporate communications; (ii) provision of timely corporate information on the Company's website; (iii) holding of annual general meetings to provide platform for Shareholders to raise comments and exchange views with the Board; and (iv) arrangement in serving the Shareholders in respect of all share registration matters. During the Year, the Board has reviewed the implementation and effectiveness of the Shareholder's Communication Policy, including the existing shareholder communication channels and measures for handling shareholders' enquiries, considered that the policy had been properly implemented and effective, and further improved the policy. The Board considered that it remained effective in enhancing timely, transparent, accurate and open communication between the Company and the Shareholders. The policy is available at the Company's website (www.bgyfw.com). The Board will review annually the implementation and effectiveness of the said policy.

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

Telephone: +86 757 2991 7238
Facsimile: 0757-2633 6002
Email: irps@bgyfw.com

General Meetings

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

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

Shareholders' Rights

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

Convening of Extraordinary General Meeting at the Request of Shareholders

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

Procedures for Putting Forward Proposals at General Meetings by Shareholders

According to the Cayman Islands Companies Law, there are no provisions on the procedures for putting forward proposals at general meetings by the Shareholders. According to the Articles of Association, there are no provisions on the procedures for putting forward proposals at general meetings by the Shareholders, except for the proposal which may be put forward by the Shareholders at a general meeting for electing Directors to nominate individuals to participate in the election of Directors. Shareholders who wish to put forward a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

Procedures for Directing Shareholders' Enquiries to the Board

The Company has established various and a wide range of communication channels with Shareholders. These include general meetings, annual and interim results, annual reports and interim reports, notices, announcements and circulars. In addition, the Company updates its website from time to time to keep the Shareholders updated of the Company's recent development.

Shareholders may at any time send their enquiries and advice to the Board in writing, the contact details of which are contained on the Company's website (www.bgyfw.com).

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

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

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

Purpose, Values, Strategy and Culture

The core purpose of the Company is to create value for its Shareholders. It strives to become the global leading pioneer in the property management industry that is trusted by its consumers, and a place where its employee are proud to work for. Its mission is to lead the development of the industry and set the industry benchmarks. In this connection, it endeavors to maintain accountability to its employees, consumers, Shareholders, the society, and the environment. These purpose and value shape the Company's strategy, which are geared towards building a trusted and beloved property management enterprise whereby values for Shareholders are created.

The Company's purpose, values, and strategy form the foundations of the Company's corporate culture. Its corporate culture is centered on adherence to high ethical standards and practices, and striving for sustainable development.

The Board is pleased to present the audited consolidated financial statements of the Group for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and a leading integrated service provider in the PRC covering diversified business forms. Its subsidiaries are principally engaged in property management services, community value-added services, value-added services to non-property owners, the "Three Supplies and Property Management" businesses, city services and commercial operational services. An analysis of the Group's revenue for the year ended 31 December 2022 by principal activities is set out in note 5 to the consolidated financial statements of the Group.

RESULTS

The results of the Group for the year ended 31 December 2022 are set out in the consolidated statement of comprehensive income on page 103.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2022 is set out below:

		Section(s) in this Annual Report	Page No. of this Annual Report
a.	Fair review of the Company's business	Management Discussion and Analysis	15 to 35
b.	Description of the principal risks and uncertainties facing the Company	Management Discussion and Analysis	15 to 35
c.	Particulars of important events affecting the Company that have occurred following the end of the year ended 31 December 2022	Management Discussion and Analysis	15 to 35
d.	Indication of likely future development in the Company's business	Chairman's Statement and Management Discussion and Analysis	10 to 13 and 15 to 35
e.	Analysis using key financial performance indicators	Financial Summary and Management Discussion and Analysis	14 and 15 to 35
f.	Discussion on the Company's environmental policies and performance	The Company's environmental policies and performance are set out in the "Country Garden Services Holdings Company Limited Environmental, Social and Governance Report 2022" (a standalone report) which will be published simultaneously with the annual report of the Company	Not applicable
g.	An account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company and on which the Company's success depends	Management Discussion and Analysis and Report of the Directors	15 to 35 and 63 to 96
h.	Discussion on the Company's compliance with the relevant laws and regulations that have a significant impact on the Company	Corporate Governance Report and Report of the Directors	42 to 62 and 63 to 96

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Directors recommend the payment of a final dividend of RMB14.40 cents (2021: RMB29.95 cents) per Share for the year ended 31 December 2022 and special dividend of RMB22.81 cents per Share (2021: Nil) in the form of cash to Shareholders whose names appear on the register of members of the Company on Wednesday, 7 June 2023 (record date) (the "**Eligible Shareholders**") as a token of appreciation to all Shareholders for their continuous support and trust in the Company.

The proposed final dividend and special dividend shall be declared in RMB and paid in Hong Kong dollars. The final dividend and special dividend payable in Hong Kong dollars will be converted from RMB at the average central parity rate of RMB to Hong Kong dollars as announced by the People's Bank of China for the period from Thursday, 1 June 2023 to Wednesday, 7 June 2023. It is expected that the final dividend warrants and special dividend warrants will be dispatched to Eligible Shareholders on or around Wednesday, 30 August 2023 at their own risk.

SHARE CAPITAL

Details of the issued Shares and the movements in the share capital of the Company during the year ended 31 December 2022 are set out in note 26 to the consolidated financial statements of the Group.

CONVERTIBLE BONDS

On 3 June 2021, Best Path Global Limited, a wholly-owned subsidiary of the Company, issued convertible bonds in a principal amount of HKD5,038.0 million.

All the Company's convertible bonds fully redeemed at maturity were cancelled and delisted from the Singapore Exchange Limited on 1 June 2022.

For details of the above convertible bonds, please refer to the announcements of the Company dated 9 June 2021 and 31 May 2022.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2022 are set out in note 14 to the consolidated financial statements of the Group.

INTANGIBLE ASSETS

Details of the movements in intangible assets of the Group during the year ended 31 December 2022 are set out in note 17 to the consolidated financial statements of the Group.

BORROWINGS

Details of the borrowings of the Group during the year ended 31 December 2022 are set out in note 32 to the consolidated financial statements of the Group.

EQUITY LINKED AGREEMENT

Save as disclosed in the section headed "**Share Option Schemes**", no equity linked agreements were entered into by the Company as at the end of or at any time during the year ended 31 December 2022.

DONATIONS

The total donations made by the Group during the year ended 31 December 2022 amounted to approximately RMB3,910,000 (2021: approximately RMB9,488,000).

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "**Continuing Connected Transactions**", "**Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company**" and "**Share Option Schemes**", none of the Company, any of its subsidiaries, fellow subsidiaries or holding companies was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company as at the end of or at any time during the year ended 31 December 2022.

DISTRIBUTABLE RESERVES

As at 31 December 2022, the distributable reserves of the Company amounted to approximately RMB3,390,478,000 (2021: approximately RMB1,009,206,000). Details of the movements in reserves of the Company during the year ended 31 December 2022 are set out in note 39 to the consolidated financial statements of the Group.

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

The Group will plan for material investments according to its strategic objectives and business requirements.

FINANCIAL SUMMARY

A financial summary of the Group is set out on page 14 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2022, revenue attributable to the largest customer of the Group accounted for approximately 7.20% of the total revenue for the year and the five largest customers of the Group accounted for less than 30% of the Group's revenue for the year.

For the year ended 31 December 2022, purchases attributable to the largest supplier of the Group accounted for approximately 1.29% of the total purchases for the year and the five largest suppliers of the Group accounted for less than 30% of the Group's purchases for the year.

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

As at 31 December 2022, Ms. Yang Huiyan, our ultimate controlling shareholder, the Chairman of the Board and a non-executive Director, owned a total of 52.60% interest in CGH. The CGH Group is one of the Group's largest and five largest customers.

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

CHANGES OF INFORMATION ON DIRECTORS

Changes in Directors' other major offices which are required to be disclosed under Rule 13.51B(1) of the Listing Rules are set out below.

Ms. Yang Huiyan, Non-executive Director

In November 2022, Ms. Yang resigned as the chairwoman of the board of directors and a member of the nomination and corporate governance committee and the remuneration committee of Bright Scholar.

In March 2023, Ms. Yang has succeeded the position of the Chairman of CGH, and has been appointed as the chairman of the Nomination Committee, the Corporate Governance Committee, the Environmental, Social and Governance Committee and the Executive Committee as well as a member of the Remuneration Committee of CGH.

Mr. Chen Weiru, Independent Non-executive Director

In February 2022, Mr. Chen was appointed as an independent non-executive director of Vision Deal HK Acquisition Corp., a company listed on the Main Board of the Stock Exchange (stock code: 7827).

In August 2022, Mr. Chen resigned as an independent director of Blue City Holdings Limited (藍城兄弟控股有限公司), a company listed on the Nasdaq Stock Exchange (stock code: BLCT), which withdrawn from listing in August 2022.

In November 2022, Mr. Chen resigned as an independent director of Fangdd Network Group Ltd. (房多多網絡集團有限公司), a company listed on the Nasdaq Stock Exchange (stock code: DUO).

Mr. Rui Meng, Independent Non-executive Director

In February 2023, Mr. Rui was appointed as an independent director of Bright Scholar, a company listed on the New York Stock Exchange (stock code: BEDU).

During the year ended 31 December 2022 and up to the date of this annual report, save as disclosed above, there is no other information that is required to be disclosed under Rule 13.51B(1) of the Listing Rules.

DIRECTORS

The Directors during the year ended 31 December 2022 and up to the date of this annual report are as follows:

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

Non-executive Directors
Ms. Yang Huiyan *(Chairman)*
Mr. Yang Zhicheng *(resigned on 24 August 2022)*
Ms. Wu Bijun *(resigned on 24 August 2022)*

Independent Non-executive Directors
Mr. Mei Wenjue
Mr. Rui Meng
Mr. Chen Weiru

In accordance with article 84(1) of the Articles of Association, Mr. Guo Zhanjun, Mr.Rui Meng and Mr.Chen Weiru shall retire from office by rotation and, being eligible, offer themselves for re-election at the 2023 AGM.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

Each of the executive Directors and non-executive Directors has entered into a service agreement with the Company to renew his/her term of office, and each of the independent non-executive Directors has renewed his letter of appointment with the Company, for a term of three years commencing on 19 June 2021, which are renewable and subject to termination under certain circumstances specified in the relevant service agreement and letter of appointment.

There was no service agreement or letter of appointment between the Directors proposed to be re-elected at the 2023 AGM and the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "**Continuing Connected Transactions**", no other transaction, arrangement or contract that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had, directly or indirectly, a material interest subsisted at any time during the year ended 31 December 2022.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the section headed "**Continuing Connected Transactions**", there was no significant contract entered into between the Company or any of its subsidiaries and its Controlling Shareholders at any time during the year ended 31 December 2022.

MANAGEMENT CONTRACTS

No contracts, other than the service contracts with the Directors and employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year ended 31 December 2022.

INTERESTS OF DIRECTORS AND THEIR ASSOCIATES IN COMPETING BUSINESS

During the year ended 31 December 2022, none of the Directors or any of their respective associates (as defined in the Listing Rules) was considered to be interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

COMPLIANCE WITH THE DEED OF NON-COMPETITION

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

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

For details of the Deed of Non-competition stated above, please refer to the section headed "**Relationship with our Controlling Shareholders**" in the prospectus of the Company dated 6 June 2018.

Ms. Yang Huiyan, the controlling shareholder of the Company, has provided the Company with a written confirmation dated 20 March 2023, in which Ms. Yang Huiyan confirmed that, during the year ended 31 December 2022. she and her close associates had fully complied with all terms and provisions of the Deed of Non-competition.

PERMITTED INDEMNITY PROVISION

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

During the year ended 31 December 2022, the Company had taken out insurance for Directors and senior management to provide appropriate protection for the Directors and senior management of the Company.

The permitted indemnity provision was in force during the year ended 31 December 2022 for the benefit of the Directors.

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

Details of the emoluments of the Directors and senior management, together with those of the five highest paid individuals of the Group for the year ended 31 December 2022 are set out in note 9(a) and note 40 to the consolidated financial statements of the Group.

The emoluments of individual Directors (including salaries and other benefits) are recommended by the Remuneration Committee of the Company for the Board's approval, having regard to the remuneration packages of comparable positions in similar companies, business requirements, individual experience, the Directors' performance and duties, etc..

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

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

The employees of the Group's subsidiaries which operate in mainland China and Southeast Asia are required to participate in a defined contribution pension scheme operated by the local government authorities. These subsidiaries are required to contribute a certain proportion of its payroll costs to the pension scheme. The only obligation of the Company with respect to the pension scheme is to make the required contributions. No forfeited contribution under the pension scheme is available to reduce the contribution payable in future years. The contributions are charged to profit or loss as they become payable in accordance with the rules of the pension scheme.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance (the "**MPF Scheme**") for all employees in Hong Kong, which is a defined contribution retirement scheme. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. No forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

CONTINUING CONNECTED TRANSACTIONS

Details of the continuing connected transactions that constitute non-exempt transactions under Chapter 14A of the Listing Rules are disclosed as follows.

Continuing Connected Transaction with the Bright Scholar Group

On 4 December 2020, the Company entered into a property management services framework agreement (the "**2020 Bright Scholar Property Management Services Framework Agreement**") with Bright Scholar, which sets out the principal terms for the provision of property management services by the Group to the Bright Scholar Group in respect of the school campuses and dormitories of the Bright Scholar Group, for a term of three years commencing on 1 January 2021 until 31 December 2023. The proposed annual caps (excluding tax) of the transactions contemplated under the 2020 Bright Scholar Property Management Services Framework Agreement for each of the three years ending 31 December 2023 are RMB7 million, RMB12.5 million and RMB18 million, respectively. In view of the business development of the Group, it was expected that the annual caps for 2021 would be insufficient to meet the expected transaction amount of the property management services provided to the Bright Scholar Group in respect of the school campuses and dormitories of the Bright Scholar Group for the year ended 31 December 2021.

As such, the Group entered into a supplemental agreement (the "**Bright Scholar Supplemental Agreement**") with the Bright Scholar Group on 27 August 2021, pursuant to which the parties agreed to revise the annual cap for the year ended 31 December 2021 to RMB12 million.

Bright Scholar is an indirect majority-controlled company held by Ms. Yang Huiyan, the Chairman of the Board, a non-executive Director and a controlling shareholder of the Company, and her aunt, Ms. Yang Meirong. As such, Bright Scholar is a connected person of the Company, and the 2020 Bright Scholar Property Management Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Company expects that the entering into of the 2020 Bright Scholar Property Management Services Framework Agreements can broaden the sources of revenue of the Group, thereby generating stable income and realising more benefits for the Group.

Further details of the 2020 Bright Scholar Property Management Services Framework Agreement were disclosed in the announcement of the Company dated 4 December 2020.

During the year ended 31 December 2022, a total amount of RMB9.905 million was paid by the Bright Scholar Group to the Group under the 2020 Bright Scholar Property Management Services Framework Agreement and the Bright Scholar Supplemental Agreement, which did not exceed the annual cap of RMB12.5 million.

Continuing Connected Transactions with CGH

Since CGH is a majority-controlled company indirectly held by Ms. Yang Huiyan, chairman of the Board, a non-executive Director and substantial shareholder of the Company, CGH, its subsidiary and their 30%-controlled companies are associates of Ms. Yang Huiyan and thus connected persons of the Company. The transactions contemplated between the Company and the CGH Group (which, for the purpose of this section headed "**Continuing Connected Transactions with CGH**" only, includes 30%-controlled companies of CGH and its subsidiaries) therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

1. Trademark Licencing Arrangement

On 1 June 2018, a trademark licencing agreement was entered into between the Company and Shunbi Property and a deed of trademark licencing was entered into between the Company and CGH (the "**Trademark Licencing Arrangement**"), pursuant to which Shunbi Property agreed to and CGH would procure Shunbi Property to irrevocably and unconditionally grant to the Group a non-transferable licence to use several trademarks registered in the PRC and Hong Kong for a perpetual term commencing from the date of the trademark licencing agreement and the deed of trademark licencing, which is subject to the renewal of the licenced trademarks, on a royalty-free basis. In view of the needs for business development of the Group, the Company entered into a supplementary agreement with Shunbi Property on 13 March 2020, pursuant to which both parties agreed to increase the categories of registered trademarks licenced for use for the "information on registered trademarks licenced".

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

Shunbi Property, as the registered proprietor of the licenced trademarks, is an indirect wholly-owned subsidiary of CGH. CGH is an associate of Ms. Yang Huiyan, a non-executive Director and a controlling shareholder of the Company, and therefore Shunbi Property is a connected person of the Company in accordance with the Listing Rules. Accordingly, the transactions under the Trademark Licencing Arrangement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The transaction under the Trademark Licencing Arrangement was within the de minimus threshold provided under Rule 14A.76 of the Listing Rules and was exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. For details of the Trademark Licensing Arrangement, please refer to the section headed "**Connected Transactions**" of the listing document of the Company dated 6 June 2018.

2. Property Lease Framework Agreement

On 13 April 2021, the Company entered into a property lease framework agreement with CGH (the "**Property Lease Framework Agreement**"), pursuant to which the Company may lease the office space, shops and parking space, etc. of the CGH Group, for a term commencing on 13 April 2021 until 31 December 2023. The total amount of the recognised right-of-use assets of the Group under the Property Lease Framework Agreement for the three years ending 31 December 2023 shall not exceed RMB1,500 million, RMB1,400 million and RMB700 million, respectively.

The Company believes that with the long-term steady cooperation with the CGH Group and by extending the whole value chain services, the Group can improve its operation service level and generate great synergies, which will further promote the steady business growth of the Group and thereby expand the Group's total revenue.

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 CGH entered into the property lease supplemental agreement (the "**Property Lease Supplemental Agreement**") on 12 July 2022 (after trading hours) to amend the Property Lease Framework Agreement, pursuant to which (i) the scope of the subject matter under individual leasing contracts was expanded, that was, members of the CGH Group (as lessor) might from time to time enter into individual leasing contracts with members of the Group (as lessee) for the lease of assets including but not limited to office spaces, shops, parking lots, apartments, etc. to the Group in accordance with the principal terms of the Property Lease Supplemental Agreement, (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, that was, the rent was determined under the following three mechanisms: (a) fixed lease payment mechanism (with a rent-free period ranging from one month to six months determined according to the situation of the specific leased asset at the time of entering into of the leasing contract), (b) variable lease payment mechanism (including expenses, if any), and (c) fixed lease payment and variable lease payment mechanism (including expenses, if any); (iv) the rent adjustment mechanism was added, that was, the Company and CGH shall issue a rent assessment report every five years and adjust the rent level based on the changes in market rent of the assets stated in the report, such rent change range shall not exceed 10% of the rent for the previous year; and (v) the annual caps under the Property Lease Framework Agreement for each of the two years ending 31 December 2023 were revised, that was, the existing right-of-use assets annual caps for each of the two years ending 31 December 2023 shall be revised to RMB2,300 million and RMB2,500 million respectively, and the variable payment annual caps for each of the two years ending 31 December 2023 shall be RMB68 million and RMB80 million respectively.

For details of the Property Lease Framework Agreement and the Property Lease Supplemental Agreement, please refer to the announcements of the Company dated 13 April 2021 and 12 July 2022.

During the year ended 31 December 2022, the total amount spent by the Company for the lease of the right-of-use assets such as office spaces, shops, parking lots, apartments, etc. of the CGH Group was RMB723.115 million, which did not exceed the annual cap of RMB2,300 million, and the variable payment was RMB22.302 million, which did not exceed the annual cap of RMB68 million.

3. Merchandise Procurement Framework Agreement

On 4 December 2020, the Company entered into a merchandise procurement framework agreement (the "**Merchandise Procurement Framework Agreement**") with CGH, which sets out the principal terms for the sale of various kinds of goods, including but not limited to home appliances and food products, by the Group to the CGH Group for a term of three years commencing on 1 January 2021 until 31 December 2023. The proposed annual caps (excluding tax) of the transactions contemplated under the 2020 Merchandise Procurement Framework Agreement for each of the three years ending 31 December 2023 are RMB82.58 million, RMB114.87 million and RMB172.30 million, respectively.

The Company considers that the entering into of the Merchandise Procurement Framework Agreement helps raise the Group's income from value-added services, which will thereby increase the total revenue and improve the profitability of the Group, and is in conformity with the Group's strategic development needs.

Further details of the Merchandise Procurement Framework Agreement were disclosed in the announcement of the Company dated 4 December 2020.

During the year ended 31 December 2022, the total merchandise procurement fee paid by the CGH Group to the Group was RMB53.707 million, which did not exceed the annual cap of RMB114.87 million.

4. CGH Property Management Services Framework Agreement

On 4 December 2020, the Company entered into a property management services framework agreement (the "**CGH Property Management Services Framework Agreement**") with CGH, which sets out the terms between the CGH Group and the Group on the property management services fee in respect of the unsold property units and the sold property units prior to the agreed delivery date set out in the property purchase contract for projects developed by the CGH Group and managed by the Group (the "**CGH Property Management Services**"), for a term of three years commencing on 1 January 2021 until 31 December 2023. The proposed annual caps (excluding tax) of the transactions contemplated under the CGH Property Management Services Framework Agreement for each of the three years ending 31 December 2023 are RMB416 million, RMB493 million and RMB571 million, respectively.

The cooperation between the Company and CGH through the CGH Property Management Services Framework Agreement is expected to generate good synergies and further contribute to the Group's business growth.

For details of the CGH Property Management Services Framework Agreement, please refer to the announcement of the Company dated 4 December 2020 and the circular of the Company dated 7 December 2020. The CGH Property Management Services Framework Agreement and the transactions contemplated thereunder were duly approved by independent shareholders of the Company at the extraordinary general meeting held on 23 December 2020.

During the year ended 31 December 2022, the total property management service fee paid by the CGH Group to the Company was RMB300.191 million, which did not exceed the annual cap of RMB493 million.

5. Sales and Leasing Agency Services Framework Agreement

On 4 December 2020, the Company entered into a sales and leasing agency services framework agreement (the "**Sales and Leasing Agency Services Framework Agreement**") with CGH in relation to the Group's provision of sales and leasing agency services to the CGH Group in respect of unsold parking spaces and provision of sales agency services in respect of unsold property units under the projects of the CGH Group, for a term of three years commencing on 1 January 2021 until 31 December 2023. The proposed annual caps (excluding tax) of the transactions contemplated under the Sales and Leasing Agency Services Framework Agreement for each of the three years ending 31 December 2023 are RMB700 million, RMB850 million and RMB1,000 million, respectively.

As a long-term development strategy, it is expected that the provision of sales and leasing agency services in respect of unsold parking spaces and the provision of sales agency services in respect of unsold property units of projects of the CGH Group will secure the steady growth of the Group's value-added services business, thereby expanding the Group's total revenue.

For details of the Sales and Leasing Agency Services Framework Agreement, please refer to the announcement of the Company dated 4 December 2020 and the circular of the Company dated 7 December 2020. The Sales and Leasing Agency Services Framework Agreement and the transactions contemplated thereunder were duly approved by independent shareholders of the Company at the extraordinary general meeting held on 23 December 2020.

During the year ended 31 December 2022, the total amount for the sales and leasing agency services paid by the CGH Group to the Company was RMB345.871 million, which did not exceed the annual cap of RMB850 million.

6. ***Hotel, Engineering and Transportation Services Framework Agreement***

On 4 December 2020, the Company and CGH entered into a hotel, engineering and transportation services framework agreement, pursuant to which the CGH Group agreed to provide the Group with hotel accommodation services, engineering and transportation services, including but not limited to, providing maintenance on the public facilities for properties managed by the Group and the shuttle bus transportation services for a term of three years commencing on 1 January 2021 until 31 December 2023 (the "**Hotel, Engineering and Transportation Services Framework Agreement**"). The proposed annual caps (excluding tax) of the transactions contemplated under the Hotel, Engineering and Transportation Services Framework Agreement for each of the three years ending 31 December 2023 are RMB52.22 million, RMB58.38 million and RMB70.64 million, respectively.

The Company considers that the entering into of the Hotel, Engineering and Transportation Services Framework Agreement helps raise the Group's service quality and enhance the brand of the Group, and is in conformity with the Group's strategic development needs. Details of the Hotel, Engineering and Transportation Services Framework Agreement were disclosed in the announcement of the Company dated 4 December 2020.

During the year ended 31 December 2022, the total amount for the hotel, engineering and transportation services paid by the CGH Group to the Company was RMB51.248 million, which did not exceed the annual cap of RMB58.38 million.

7. ***Consultancy and Other Services Framework Agreements***

On 4 December 2020, the Company and CGH entered into a consultancy and other services framework agreement (the "**Consultancy and Other Services Framework Agreement**"). In accordance with its principal terms, members of the Group may from time to time enter into individual agreements with members of the CGH Group to provide the CGH Group with the following services for a term of three years commencing on 1 January 2021 until 31 December 2023.

(a) consultancy services in relation to sales of properties and other services, including but not limited to consultancy services on the operational management of the sales offices of the CGH Group, and cleaning services for the properties developed by the CGH Group before delivery to homeowners;

(b) installation, maintenance and dismantling services in relation to advertisements to be displayed at certain advertising spaces located in the common areas of the property projects managed by the Group;

(c) home cleaning, household appliances cleaning, garden maintenance, home maintenance and other domestic services to be provided to the purchasers of property units of the CGH Group;

(d) elevator products installation and supporting services and other services; and

(e) technology services, after-sales maintenance and warranty services for houses and buildings, turnkey furnishing services, hotel management services, institutional food services, disinfection and pest control services and other services.

The proposed annual caps (excluding tax) of the transactions contemplated under the Consultancy and Other Services Framework Agreement for each of the three years ending 31 December 2023 are RMB1,500 million, RMB1,800 million and RMB2,200 million, respectively.

The Company considers that the entering into of the Consultancy and Other Services Framework Agreement helps raise the Group's income from value-added services, which will thereby increase the total revenue and improve the profitability of the Group, and is in conformity with the Group's strategic development needs.

For details of the Consultancy and Other Services Framework Agreement, please refer to the announcement of the Company dated 4 December 2020 and the circular of the Company dated 7 December 2020. The Consultancy and Other Services Framework Agreement and the transactions contemplated thereunder were duly approved by independent Shareholders of the Company at the extraordinary general meeting held on 23 December 2020.

During the year ended 31 December 2022, the total amount for the consultancy and other services paid by the CGH Group to the Company was RMB1,317.38 million, which did not exceed the annual cap of RMB1,800 million.

8. Business Management Service Framework Agreement

On 13 April 2021, the Company and CGH entered into a business management service framework agreement (the "**Business Management Service Framework Agreement**"), pursuant to which members of the Group may enter into individual service contracts with members of the CGH Group from time to time to provide business planning and consulting, business solicitation, operation and planning services to the CGH Group for a term commencing on 13 April 2021 until 31 December 2023. The end of the service term of individual lease contracts shall not be later than 31 December 2023. The proposed annual caps (excluding tax) of the fees payable by the CGH Group to the Group under the Business Management Service Framework Agreement for each of the three years ending 31 December 2023 are RMB420 million, RMB450 million and RMB480 million, respectively.

The business management service model expands the Group's whole value chain services and enables the Group to have a higher degree of autonomy in project management. With the Group's professional operation capability and high-quality services, as well as the long-term and stable cooperation between the Group and the CGH Group established through previous transactions, the Company believes that the entering into of the Business Management Service Framework Agreement will help improve the Group's whole value chain operation service level, generate great synergies, broaden its source of revenue, and thereby generate stable income, increase total revenue and enhance the profitability of the Group, which is in conformity with the strategic development needs of the Group.

To ensure long-term and stable business development and the continuity of market recognition, the Company and CGH entered into the business management service supplemental agreement (the "**Business Management Service Supplemental Agreement**") on 12 July 2022 (after trading hours) to amend the 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.

For details of the Business Management Service Framework Agreement and Business Management Service Supplemental Agreement, please refer to the announcements of the Company dated 13 April 2021 and 12 July 2022.

During the year ended 31 December 2022, the total amount for the business management services paid by the CGH Group to the Company was RMB301.512 million, which did not exceed the annual cap of RMB450 million.

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

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

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

(2) on normal commercial terms or better or, if there were insufficient comparable transactions to judge whether they were on normal commercial terms or better, on terms no less favourable to the Group than terms available to or from independent third parties; and

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

REVIEW AND APPROVAL OF CONTINUING CONNECTED TRANSACTIONS BY AUDITOR

Pursuant to Rule 14A.56 of the Listing Rules, the Company's external auditor, PricewaterhouseCoopers, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the disclosed continuing connected transactions as follows:

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

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

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

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

A copy of the auditor's letter has been delivered by the Company to the Stock Exchange in accordance with Rule 14A.57 of the Listing Rules.

OTHERS

The continuing connected transactions disclosed above constitute related party transactions under the Hong Kong Financial Reporting Standards. A summary of significant related party transactions conducted during the year ended 31 December 2022 is disclosed in note 38 "Related party transactions" to the financial statements. These related party transactions include the connected transactions and continuing connected transactions as defined under Chapter 14A of the Listing Rules, and relevant disclosures as required by the Listing Rules are set out in this section. The disclosed amounts of these related party transactions contain certain incomes/expenses which are exempt from the announcement and reporting requirements as they are less than the minimum as required by Rule 14A.76(1) of the Listing Rules.

The Board confirms that the Company has complied with the relevant disclosure requirements under Chapter 14A of the Listing Rules in relation to the aforementioned connected transactions/continuing connected transactions.

DISCLOSURE PURSUANT TO RULE 14.36B OF THE LISTING RULES

1. Discloseable transaction in relation to acquisition of 100% equity interest in City-Media

On 30 July 2020, CG Life Services (an indirect wholly-owned subsidiary of the Company) entered into an equity transfer agreement (the "**Equity Transfer Agreement**") with the original shareholders (the "**Original City-Media Shareholders**", as defined in the announcement of the Company dated 30 July 2020) of City-Media (Shanghai) Corporation, Limited (城市縱橫（上海）文化傳媒股份有限公司) (currently known as City-Media (Shanghai) Culture Media Co., Ltd.* (城市縱橫（上海）文化傳媒有限公司)) ("**City-Media**"), Zhoushan Maofenghe Equity Investment Partnership (Limited Partnership) ("**Zhoushan Maofeng**") (as the "**First Vendor**"), Zhoushan Bairuitong Equity Investment Partnership (Limited Partnership) and City-Media, pursuant to which CG Life Services acquired a total of 100% equity interest in City-Media. For details of the acquisition, please refer to the announcement of the Company dated 30 July 2020.

Acquisition of the First Phase Target Shares

The Original City-Media Shareholders and Zhoushan Maofeng undertook that, during the years of 2020, 2021 and 2022 (the "**Valuation Adjustment Period**"), the accumulated audited principal business income (the "**Principal Business Income**") and the accumulated audited net profit which is attributable to the shareholders of City-Media after deducting the non-recurring profit or loss (the "**Net Profit After NRI**") of City-Media shall meet the minimum performance targets for the relevant years as follows:

	Principal Business Income		Net Profit After NRI	
Year of performance	The guaranteed minimum amount of the Principal Business Income for the year (RMB million)	The guaranteed minimum amount of the accumulated Principal Business Income for the year(s) during the Valuation Adjustment Period (RMB million)	The guaranteed minimum amount of the Net Profit After NRI for the year (RMB million)	The guaranteed minimum amount of the accumulated Net Profit After NRI for the year(s) during the Valuation Adjustment Period (RMB million)
2020	375.85	375.85	75.01	75.01
2021	468.46	844.31	110.45	185.46
2022	473.36	1,317.77	114.08	299.54

In the event of fulfilment of Performance Guarantee by City-Media for 2022, CG Life Services should pay the sixth instalment of the consideration of RMB76.79 million to the First Vendor within 10 working days after the date of confirmation of its audited results or after the date on which the collection rate of the accumulated Principal Business Income (tax inclusive) of City-Media during the Valuation Adjustment Period is not less than 85% (including monetary fund collection and receipt of bank acceptance draft) (whichever is later).

Acquisition of the Second Phase Target Shares

Depending on the fulfillment of the Performance Guarantee, CG Life Services will acquire the remaining 35% of the Target Shares (the "**Second Phase Target Shares**") from Zhoushan Bairuitong Equity Investment Partnership (Limited Partnership) (the "**Second Vendor**"), such that City-Meida will become a wholly-owned subsidiary of CG Life Services, the specific arrangements are any of the following circumstances: (i) in which CG Life Services has the obligation to acquire the Second Phase Target Shares; and (ii) in which CG Life Services has no obligation but has the right to acquire the Second Phase Target Shares.

Performance compensation

Following the conclusion of the Valuation Adjustment Period, if the accumulated Principal Business Income of City-Media during the Valuation Adjustment Period is less than RMB1,317.77 million, or the accumulated Net Profit After NRI is less than RMB299.54 million, then the First Vendor shall compensate CG Life Services, and the calculation of the corresponding compensation amount (the "**Performance Compensation Amount**") is as follows:

(A) $\frac{(\text{RMB1,317.77 million} - \text{I})}{\text{RMB1,317.77 million}} \times$ RMB511.94 million; or

(B) $\frac{(\text{RMB299.54 million} - \text{P})}{\text{RMB299.54 million}} \times$ RMB511.94 million,

I = The accumulated actual Principal Business Income during the Valuation Adjustment Period

P = The accumulated actual Net Profit After NRI during the Valuation Adjustment Period

whichever is higher, but not more than RMB511.94 million.

If the amount of the fourth and/or the fifth and/or the sixth instalments of the consideration for the First Phase Target Shares which CG Life Services has not yet paid (the "**Unpaid Consideration**") is:

(1) larger or equal to the Performance Compensation Amount, then CG Life Services shall pay to the First Vendor the balance of the Unpaid Consideration after deducting the Performance Compensation Amount; or

(2) less than the Performance Compensation Amount, then the First Vendor shall pay cash to CG Life Services to make up for the difference between the Performance Compensation Amount and the Unpaid Consideration.

Deemed Fulfilment of Performance Guarantee

Except where the general manager appointed by the Second Vendor voluntarily resigns or offers to cease to serve as the general manager, in the event that CG Life Services deprives the general manager appointed by the Second Vendor of daily operation and management rights or remove such general manager which results in the Second Vendor unable to assign a general manager, then the Performance Guarantee shall be deemed to be fulfilled in full ("**Deemed Fulfilment of Performance Guarantee**"), unless it is due to the discovery by CG Life Services that the person appointed by the Second Vendor violates the standard of conduct for directors, supervisors and senior management.

In a certain year, in the event of Deemed Fulfilment of Performance Guarantee of such year and/or subsequent years, CG Life Services shall, within 10 working days after the occurrence of such a situation, pay the consideration of the First Phase Target Shares for the corresponding instalments for such year and/or subsequent years.

As at the date of this report, as the management of City-Media were still in discussion of certain matters in relation to the Performance Guarantee for 2022, the conclusion on the Performance Guarantee could not be finalized. Accordingly, the auditor was not able to issue audit opinions on the Performance Guarantee of City-Media for 2022. The Company will closely monitor the above Performance Guarantee and make an announcement to disclose the status of satisfaction of the Performance Guarantee as appropriate after obtaining the relevant audit opinions in compliance with the disclosure requirement of Rule 14.36B of the Listing Rules.

2. Discloseable transaction in relation to acquisition of 70% equity interest in Manguo Kangjie

On 14 October 2020, CG Property Services HK and CG Life Services, both indirect wholly-owned subsidiaries of the Company (as the purchasers), entered into an equity transfer agreement with the vendors (being BLP Capital Limited, Huzhou Yuxin Enterprise Management Partnership (Limited Partnership), Huzhou Ruilong Enterprise Management Partnership (Limited Partnership) and Huzhou Yixin Enterprise Management Partnership (Limited Partnership)), Fan Manguo and Country Garden Manguo Environmental Technology Group Co., Ltd. (formerly known as Shandong Manguo Kangjie Environmental Sanitation Group Co., Ltd.) ("**Manguo Kangjie**"), in relation to the acquisition of 70% equity interest in Manguo Kangjie (the "**Manguo Kangjie Target Shares**"). For details of the acquisition, please refer to the announcement of the Company dated 14 October 2020.

Valuation Adjustment Amount

The Vendors and Fan Manguo ("**Mr. FAN**") undertook that, during the years of 2021, 2022 and 2023 (the "**Valuation Adjustment Period**"), the accumulated Operating Revenue and the accumulated Net Profit After NRI of Manguo Kangjie shall meet the minimum performance requirements for the relevant year(s) (the "**Performance Guarantee**") as follows:

	Operating Revenue		Net Profit After NRI	
Year of performance	The guaranteed minimum amount of the Operating Revenue for the year	The guaranteed minimum amount of the accumulated Operating Revenue for the year(s) during the Valuation Adjustment Period	The guaranteed minimum amount of the Net Profit After NRI for the year	The guaranteed minimum amount of the accumulated Net Profit After NRI for the year(s) during the Valuation Adjustment Period
2021	1.22X	1.22X	1.20Y	1.20Y
2022	1.49X	2.71X	1.44Y	2.64Y
2023	1.82X	4.53X	1.73Y	4.37Y

In the table above and the paragraph headed "Valuation Adjustment Amount" below:

(1) X represents the Operating Revenue of Manguo Kangjie in 2020 (being RMB2,418.93 million), which shall not exceed RMB2,400.00 million.

(2) Y represents the Net Profit After NRI of Manguo Kangjie in 2020 (being RMB225.68 million), which shall not exceed RMB220.00 million.

During the Valuation Adjustment Period, if the guaranteed minimum amount of any year listed in the above table is not fulfilled during that year, the Vendors and Mr. FAN are not required to pay the valuation adjustment amount to the Purchasers. However, following the conclusion of the Valuation Adjustment Period, if the Performance Guarantee is not fulfilled (i.e. the accumulated Operating Revenue of Manguo Kangjie is less than 4.53X or its accumulated Net Profit After NRI is less than 4.37Y), the Vendors and Mr. FAN shall jointly and severally pay the Purchasers the valuation adjustment amount within 10 working days following the conclusion of the Valuation Adjustment Period.

As at the date of this report, due to the recent recurrence of the novel coronavirus disease (COVID-19) pandemic in China and the relevant pandemic control policy, and the management of Manguo Kangjie were still in discussion of certain matters in relation to the Performance Guarantee, the audit procedures for the Performance Guarantee for Manguo Kangjie in 2021 and 2022 have been adversely affected. As such, the audit of the relevant Performance Guarantee for Manguo Kangjie for the year ended 31 December 2022 and the year ended 31 December 2021 has not yet been completed. The Company will closely monitor the above Performance Guarantee and make an announcement to disclose the status of satisfaction of the Performance Guarantee as appropriate after obtaining the relevant audit opinions in compliance with the disclosure requirement of Rule 14.36B of the Listing Rules.

3. Acquisition of a total of 60% equity interest in Fujian Dongfei

On 30 October 2020, CG Life Services and CG Property Services HK, both indirect wholly-owned subsidiaries of the Company, entered into equity transfer agreements with, among others, Fuzhou Dingrong Environmental Protection Technology Co., Ltd. ("**Dingrong Environmental Protection**") and One Supreme Limited ("**One Supreme**"), respectively, pursuant to which the Group agreed to directly and indirectly acquire a total of 60% equity interest in Fujian Dongfei Environment Group Co., Ltd.("**Fujian Dongfei**"). For details of the acquisition, please refer to the announcement of the Company dated 30 October 2020.

The audited accumulated Operating Revenue and audited accumulated Net Profit After NRI of Fujian Dongfei for each financial year during the years of 2021, 2022 and 2023 (the "**Performance Guarantee Period**") shall meet the minimum performance requirements for that year as follows:

	Operating Revenue		Net Profit After NRI	
Year of performance	Guaranteed minimum Operating Revenue for the year	Guaranteed minimum audited accumulated Operating Revenue for each year during the Performance Guarantee Period	Guaranteed minimum Net Profit After NRI for the year	Guaranteed minimum audited accumulated Net Profit After NRI for each year during the Performance Guarantee Period
2021	1.15X	1.15X	1.2Y	1.2Y
2022	1.15 × 1.15X	2.15 × 1.15X	1.2 × 1.2Y	2.2 × 1.2Y
2023	1.2 × 1.15 × 1.15X	3.53 × 1.15X	1.25 × 1.2 × 1.2Y	3.7 × 1.2Y

For the purposes of the table above and the sections below:

X = Operating Revenue (exclusive of tax) of Fujian Dongfei for 2020 (being RMB1,080 million)

Y = Net Profit After NRI of Fujian Dongfei for 2020 (the "**Performance Guarantee Benchmark(s)**") (being RMB120 million)

For each financial year during the Performance Guarantee Period, if the audited accumulated Operating Revenue or accumulated Net Profit After NRI of Fujian Dongfei is lower than the Performance Guarantee, Mr. CAI Yuan, Mr. CHEN Jian and Mr. YANG Zhuoya (the "**Guarantors**") shall pay compensation to CG Life Services in cash or through the equity interest in Fujian Dongfei.

If Fujian Dongfei's audited accumulated Operating Revenue or accumulated Net Profit After NRI for previous years (i.e. 2021 and 2022) is lower than performance undertaking requirements for the year at the end of the Performance Guarantee Period, but the accumulated Operating Revenue and accumulated Net Profit After NRI of Fujian Dongfei reach the minimum accumulated Operating Revenue and accumulated Net Profit After NRI for 2023 at the end of the Performance Guarantee Period, it is deemed that Fujian Dongfei has fulfilled the Performance Guarantee.

As at the date of this report, as the management of Fujian Dongfei were still in discussion of certain matters in relation to the Performance Guarantee for 2022, the conclusion on the Performance Guarantee could not be finalized. Accordingly, the auditor was not able to issue audit opinions on the Performance Guarantee of Fujian Dongfei for 2022. The Company will closely monitor the above Performance Guarantee and make an announcement to disclose the status of satisfaction of the Performance Guarantee as appropriate after obtaining the relevant audit opinions in compliance with the disclosure requirement of Rule 14.36B of the Listing Rules.

4. Acquisition of Entire Equity Interest in Wealth Best Global

On 20 September 2021, CG Property Services HK entered into an equity transfer agreement with R&F Property to acquire 100% equity interest in Wealth Best Global at a consideration of no more than RMB10 billion. For details, please refer to the announcements of the Company dated 20 September 2021 and 12 October 2021.

Phase 1 – Third Instalment of Consideration

R&F Property has undertaken that the audited net profit after NRI and accounting revenue of Wealth Best Global for 2021 shall not be less than RMB500 million and RMB4.2 billion, respectively, and its areas under management and total contracted areas as at 31 December 2021 shall not be less than 86 million sq.m. and 127 million sq.m., respectively (the "**Performance Guarantee**").

Consideration Adjustment

If the financial data of Wealth Best Global in 2021 fails to meet any financial indicator specified in the Performance Guarantee, the phase 1 consideration shall be reduced in accordance with the following formulas:

(1) If the audited net profit after NRI for 2021 is less than RMB500 million, the phase 1 consideration shall be reduced pro-rata to the difference between RMB500 million and the actual audited net profit after NRI.

(2) If the accounting revenue for 2021 is less than RMB4.2 billion, the phase 1 consideration shall be reduced pro-rata to the difference between RMB4.2 billion and the actual accounting revenue for 2021.

(3) If the total areas under management as at 31 December 2021 is less than 86 million sq.m., the phase 1 consideration shall be reduced pro-rata to the difference between 86 million sq.m. and the actual total areas under management as at 31 December 2021.

(4) If the total contracted areas as at 31 December 2021 are less than 127 million sq.m., the phase 1 consideration shall be reduced pro-rata to the difference between 127 million sq.m. and the actual total contracted areas as at 31 December 2021.

If Wealth Best Global fails to meet more than one financial indicator agreed in the Performance Guarantee, the reduction amount shall be the highest of those calculated in accordance with the formulas above. The reduction amount (if any) shall be deducted by CG Property Services HK from the phase 2 consideration.

Phase 2 – Fourth Instalment of Consideration

In addition to the areas under management of 86 million sq.m. agreed to be delivered under the Performance Guarantee for 2021, R&F Property and the R&F Property Related Parties shall deliver areas under management of 66 million sq.m. to Wealth Best Global or other entities designated by CG Property Services HK for a total consideration of RMB3 billion. The fourth instalment of consideration shall be payable in instalments after CG Property Services HK has paid the third instalment of consideration. The Parties shall conduct inventory taking on a monthly basis to determine the part of the fourth instalment of consideration payable in the month according to the monthly inventory taking results.

$$\text{Consideration payable for each month} = \text{Areas delivered in the month} \times \frac{\text{RMB3 billion}}{\text{66 million sq.m.}}$$

The contracted unit price of the Areas Under Management transferred to CG Property Services HK shall meet the following requirements:

(1) for residential properties, it shall be not lower than the average local market unit price for the properties within the same business type category and in the same area in principle; and

(2) for commercial properties, if the R&F Property Related Parties own local projects within the same business type category in the same area, it shall be determined with reference to the average market unit price for the projects of the R&F Property Related Parties. If there is no local project owned by the R&F Property Related Parties within the same business category, it shall be not lower than the average market unit price for the projects within the same business type category in the same area.

The part of the fourth instalment of consideration payable by CG Property Services HK for a month shall be utilized first to offset the balance with related parties as stated in the section headed "**Handling of balance with related parties**" below.

Handling of balance with related parties

The amount due to the Wealth Best Global Group by R&F Property and the R&F Property Related Parties not exceeding RMB610 million shall be offset with the fourth instalment of consideration.

If the aforesaid amount of RMB610 million due to the Wealth Best Global Group by R&F Property and the R&F Property Related Parties has not been fully settled through offsetting as at 30 June 2024, R&F Property shall make up for the shortfall within 20 statutory working days in the PRC following the determination of the amount outstanding. For the excess of the amount due to the Wealth Best Global Group by R&F Property and the R&F Property Related Parties over such RMB610 million, CG Property Services HK has the right to either offset such amount with each instalment of the consideration or request R&F Property and the R&F Property Related Parties to pay such amount.

As at the date of this report, Wealth Best Global and the R&F Property Related Parties were discussing on a asset repayment plan to handle the balance with related parties, but the final plan has not been approved. The amount receivable from the R&F Property Related Parties by Wealth Best Global has an adverse impact on the audit conclusion of the Performance Guarantee of Wealth Best Global for 2021. CG Property Services HK and R&F Property have not yet reached a consensus on relevant matters of Performance Guarantee. Currently, the parties are still negotiating the terms of the supplementary agreement on equity transfer, involving the asset repayment plan, the confirmation of the area under management to be delivered subsequently and other matters related to the advancement of follow-up business cooperation. As such, the audit of the relevant Performance Guarantee for Wealth Best Global for the year ended 31 December 2021 is still in progress, and count results of the delivery of the actual area under management by R&F Property and the R&F Property Related Parties to other entities designated by CG Property Services HK is still under confirmation by parties. The Company will closely monitor the audit of the above Performance Guarantee and the progress of confirmation of the delivery of the area under management and make an announcement to disclose the status of satisfaction of the Performance Guarantee and the delivery of the area under management as appropriate after obtaining the relevant audit opinions in compliance with the disclosure requirement of Rule 14.36B of the Listing Rules.

5. Acquisition of Shares of Everjoy Services Company Limited

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**") (together with the Original Majority Equity Purchase Agreement, the "**Agreements**") 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) (collectively, the "**Minority Vendors**") (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 Company Limited. ("**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 for which Everjoy Services and its subsidiaries has entered into contracts and which have not been taken over yet as at 31 December 2021, including the part of the projects to be delivered in phases for which contracts have been entered into but which are not taken over yet (the "**Projects In Transit**") and the Injected Projects (as defined under the Agreements and collectively, the "**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.

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

	Business or asset of the Target Group corresponding to the consideration	Consideration receivable by the Majority Vendors and its payment method (RMB)	Consideration receivable by the Minority Vendors and its payment method (RMB)
Second part of consideration	Non-property owners value-added business under management	No more than 45 million payable in cash in 10 annual installments	None
Third part of consideration	Projects In Transit	No more than 640.80 million payable in cash according to project delivery progress	No more than 79.20 million payable through the Consideration Shares in equivalent value (the "**Minority PIT Consideration Shares**") according to project delivery progress
Fifth Part of Consideration	Injected projects	No more than approximately 1,571.44 million payable through the Consideration Shares in equivalent value (the "**Majority Consideration Shares**") according to project delivery progress	None

Second Part of Consideration

The second part of consideration shall be paid in ten installments corresponding to the ten financial years from 1 January 2022 to 31 December 2031, with each installment of RMB4.5 million.

If both of the revenue and gross profit margin of the non-property owners value-added business under management for the relevant financial years remain to reach the prescribed benchmarks (being RMB150 million and 15%, respectively), CG Property Services HK shall pay the corresponding installment of consideration to the Majority Vendors after the annual audit is competed. If any indicator for any financial year fails to meet the prescribed benchmarks, CG Property Services HK shall have the right to not pay the corresponding installment of consideration and to deduct it from the total consideration.

In 2022, according to the management account of Everjoy Services, the revenue and gross profit margin of the non-property owners value-added business under management were higher than the abovementioned benchmarks, therefore, CG Property Services HK is required to pay RMB4.5 million for the current period.

Third Part of Consideration

The third part of consideration shall be paid in stages according to the delivery progress of the Projects In Transit.

Following the end of each half-year period since 1 January 2022, the parties shall review the Projects In Transit delivered during such half-year period.

Within 10 working days following completion of each biannual review, CG Property Services HK shall pay the corresponding cash consideration and issue the Minority PIT Consideration Shares in equivalent corresponding value based on the saturated revenue of the Projects In Transit delivered during such period and the agreed formula. The Projects In Transit are expected to be fully delivered by 30 June 2024. In addition, CG Property Services HK may deduct outstanding non-property owners value-added services fees payables, various expense resulting from termination of contracts and expenses advanced and losses incurred by Everjoy Services from the third part of consideration and outstanding consideration payable directly.

For the Projects In Transit delivered during the first half of 2022, for settlement convenience consideration, CG Property Services HK and the Majority Vendors agreed to adjust the settlement period from 1 January 2022 to 30 June 2022 to from 1 January 2022 to 31 August 2022, which is a one-off adjustment. Accordingly, from January 2022 to August 2022, the Majority Vendors had confirmed a total of approximately RMB68,531,400 (i.e. total annual saturated revenue of approximately RMB62,301,300*1.1 times) based on the Projects In Transit delivered and a consideration deduction totaling approximately RMB26,866,300 pursuant to the terms of the Equity Purchase Agreements.

Pursuant to the equity purchase agreement, the total consideration payable for the Projects In Transit delivered by Everjoy Services from January 2022 to August 2022 shall be approximately RMB41,585,500, of which (i) approximately RMB37,002,300 (equity consideration payable to the Majority Vendors of approximately RMB37,081,900 – amounts payable by the Majority Vendors of approximately RMB79,600) has been paid to the Majority Vendors in cash and (ii) approximately RMB4,583,200 will be paid through issuing consideration shares by the Company upon confirmation by the Minority Vendors.

In addition, the Vendors have not confirmed the Projects in Transit delivered by Everjoy Services from September 2022 to December 2022 and the consideration to be deducted. Therefore, the Company will closely monitor the progress of the above confirmation, make payments to the Majority Vendors in cash and to the Minority Vendors through issuing consideration shares as soon as practicable after obtaining confirmation from the Vendors and disclose relevant information in its future annual reports.

Fifth Part of Consideration

The fifth part of consideration shall be paid in stages according to the progress of delivery of the Injected Projects by the related parties of the Majority Vendors to the Target Group.

Following the end of each half-year period since 1 January 2022, the parties shall review the Injected Projects delivered during such half-year period.

Within one month following each biannual review, CG Property Services HK shall procure the issue of the Majority Consideration Shares in equivalent corresponding value based on the saturated revenue of the injected projects delivered during such period and the agreed formula.

In 2022, no projects have been injected into the Target Group by the related parties of the Majority Vendors and no Shares of the Company are required to be issued by CG Property Services HK to the Majority and the Minority pursuant to the terms of the Equity Purchase Agreements.

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

As at 31 December 2022, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be entered in the register pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions in the Shares and underlying shares of the Company

Name of Director	Capacity	Number of Shares held	Number of interests in underlying shares held under equity derivatives	Total	% of total Shares in issue as at 31 December 2022	Number of debentures held
Ms. Yang Huiyan	Interest of controlled corporation	1,218,336,100(2)	–	1,218,336,100	36.12%	–
Mr. Li Changjiang	Beneficial owner and interest of spouse	3,227,915(3)(4)	5,790,000(7)	9,017,915	0.27%	–
Mr. Xiao Hua	Beneficial owner	1,255,795(3)(5)	1,520,000(7)	2,775,795	0.08%	–
Mr. Guo Zhanjun	Beneficial owner	825,405(3)(6)	1,200,000(7)	2,025,405	0.06%	–

Notes:

(1) As at 31 December 2022, the total number of Shares in issue of the Company was 3,373,127,390 Shares.

(2) As at 31 December 2022, Concrete Win and Fortune Warrior held 1,092,972,961 Shares and 125,363,139 Shares, respectively. Concrete Win and Fortune Warrior are beneficially wholly-owned by Ms. Yang Huiyan. By virtue of the SFO, Ms. Yang Huiyan is deemed to be interested in the same number of Shares in which Concrete Win and Fortune Warrior were interested.

(3) The relevant interests include the Shares received from the exercise of the unlisted physically settled options granted pursuant to Pre-Listing Share Option Scheme. Upon exercise of the share options in accordance with the Pre-Listing Share Option Scheme, the corresponding number of ordinary Shares will be issued at HK$0.94 per Share. The share options are personal to the respective Directors.

(4) These Shares represent 1,283,000 Shares held by Ms. Huang Zhihua, spouse of Mr. Li Changjiang, which were purchased in the secondary market, 315 Shares received by Mr. Li Changjiang as the distributed final dividend of CG Services for 2020 and 1,944,600 Shares issued to Mr. Li Changjiang upon his exercise of the options granted to him under the Pre-Listing Share Option Scheme.

(5) These Shares represent 37 Shares distributed to Mr. Xiao Hua by virtue of the shares of CGH held by him prior to the spin-off and separate listing of the Shares on the Main Board of the Stock Exchange, 5,558 Shares received by Mr. Xiao Hua as the distributed final dividend of CG Services for 2020 and 1,250,200 Shares issued to Mr. Xiao Hua upon his exercise of the options granted to him under the Pre-Listing Share Option Scheme.

(6) These Shares represent 14,205 Shares received by Mr. Guo Zhanjun as the distributed final dividend of CG Services for 2020 and 2021 and 811,200 Shares issued to Mr. Guo Zhanjun upon his exercise of the options granted to him under the Pre-Listing Share Option Scheme.

(7) The relevant interests are unlisted physically settled options granted pursuant to the Share Option Scheme. Upon exercise of the share options in accordance with the Share Option Scheme, the corresponding number of ordinary Shares will be issued at HK$50.07 per Share. The share options are personal to the respective Directors.

Long positions in the shares of an associated corporation of the Company

Name of Director	Name of associated corporation	Nature of interest	Number of shares held	Approximate % of total issued shares of the associated corporations as at 31 December 2022[(1)]
Ms. Yang Huiyan	Sichuan Justbon Life Services Group Co., Ltd.	Interest of controlled corporation	177,584,598	99.71%

Note:

(1) The resolution for approving the delisting of H shares of Justbon Services from the Stock Exchange was passed at the general meeting and H share class meeting of Justbon Services held on 17 June 2021, and the delisting acceptance condition was satisfied on 15 July 2021. The listing of H shares of Justbon Services on the Stock Exchange was voluntarily withdrawn at 4:00 p.m. on 19 August 2021. Following the delisting, the shares of Justbon Services, as a PRC issuer, are no longer divided into H shares and domestic shares and are all ordinary shares with nominal value of RMB1 each. The percentage is calculated based on the total shares of Justbon Services of 178,102,160 shares as at 31 December 2022.

Save as disclosed above, as at 31 December 2022, none of the Directors and chief executives of the Company (including their spouses and children under the age of 18) had any interest in, or had been granted any right to subscribe for the Shares and options of the Company and its associated corporations (within the meaning of the SFO), or had exercised any such rights.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 December 2022, as set out in the register kept under Section 336 of the SFO, the following companies and persons (other than the Directors and chief executives of the Company) had interests or short positions in the Shares and underlying shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Capacity	Number of Shares held or interested	Approximate % of total Shares in issue
Concrete Win	Beneficial owner	1,092,972,961 (L)	32.40%
Mr. Chen Chong[(2)]	Interest of spouse	1,218,336,100 (L)	36.12%

Notes:

L – long position
S – short position

(1) As at 31 December 2022, the total number of Shares in issue of the Company was 3,373,127,390 Shares.

(2) By virtue of the SFO, Mr. Chen Chong is deemed to be interested in the Shares held by his spouse, Ms. Yang Huiyan, whose interests are disclosed in the above section headed "**Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company**".

Save as disclosed above, as at 31 December 2022, the Company had not been notified of any other person (other than the Directors or chief executives of the Company) who was recorded in the register of the Company as having an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEMES

(a) Pre-Listing Share Option Scheme

On 13 March 2018, the Pre-Listing Share Option Scheme was adopted by the then Shareholders of the Company. It was subsequently amended by a resolution passed at the extraordinary general meeting held on 7 November 2019 (for details of the amendment, please refer to the announcement of the Company dated 16 October 2019 and the circular of the Company dated 22 October 2019). A summary of the principal terms of the Pre-Listing Share Option Scheme is set out as follows:

(i) Purpose

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

(ii) Participants

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

- employee participants, including any full-time employee, executive and senior staff of the Group;
- any Director of the Company (including non-executive Director and independent non-executive Director);
- any other eligible individual whom the Board or its authorised person considers at its sole discretion has made or will make contribution to the Company (including service providers and connected entity participants).

(iii) Maximum number of Shares available for subscription

All the shares available for issue under the Pre-Listing Share Option Scheme have been granted in 2018. During the Year, a total of 2,451,000 Shares were issued under the Pre-Listing Share Option Scheme; as at the date of this report, 132,948,000 Shares (the maximum number of Shares which may be granted pursuant to the Pre-Listing Share Option Scheme) have been exercised and issued.

(iv) Maximum entitlement to options of each participant

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

(v) Exercise period of options

The period during which the grantees may exercise the options under the Pre-Listing Share Option Scheme shall not exceed 5 years from the date of grant.

(vi) Payment on acceptance of option offer

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

(vii) Basis for determining the exercise price

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

(viii) Remaining life of the scheme

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

(ix) Vesting period

Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

On 21 May 2018, share options for 132,948,000 Shares with a fair value on the date of grant of approximately HK$108,375,000 (equivalent to approximately RMB86,667,000) were granted by the Company to a total of 15 eligible participants, including 13 employees of the Company (including four Directors) and two connected entity participants (i.e. two employees of CGH, and the number of share options granted to them both exceeded 0.1% of the issued share capital of the Company at the adoption date and the number of share options granted to one of them exceeded 1% of the issued share capital of the Company at the adoption date), in accordance with the terms of the Pre-Listing Share Option Scheme.

During the Year, the Company allotted and issued 2,451,000 Shares in connection with the exercise of options by 2 employees (both being qualified participants other than Directors), with the weighted average closing price of the Shares on the date immediately preceding the date of exercise of 29 March 2022 of HK$32.90 per Share.

Save as disclosed, no outstanding options had been granted, exercised, cancelled or lapsed under the Pre-Listing Share Option Scheme during the reporting period.

During the year ended 31 December 2022, details of movements in the share options under the Pre-Listing Share Option Scheme are as follows:

	Options to subscribe for Shares								
Category and name of grantee	Outstanding as at 1 January 2022	Granted during the Year	Exercised during the Year	Cancelled during the Year	Lapsed during the Year	Outstanding as at 31 December 2022	Exercise price per Share (HK$)	Date of grant	Exercise period
2 employees (both being qualified participants other than Directors)	2,451,000	–	2,451,000	–	–	–	0.940	21 May 2018	Vesting date[1] – 20 May 2023
Total	2,451,000	–	2,451,000	–	–	–			

Notes:

(1) Subject to the satisfaction of certain vesting conditions, the vesting date shall be the date on which the auditor's report of the Company for the relevant financial year is issued: (a) for the financial year in which the Shares were listed on the Main Board of the Stock Exchange, 40% of the total number of Shares granted pursuant to the share options will be vested to the relevant grantees; (b) for the financial year immediately following the Listing Date, 30% of the total number of shares granted pursuant to the share options will be vested to the relevant grantees; and (c) for the second financial year following the Listing Date, 30% of the total number of shares granted pursuant to the share options will be vested to the relevant grantees.

(2) The closing price of the Shares immediately preceding the date of grant of 21 May 2018 is not applicable as the Shares were listed on the Main Board of the Stock Exchange on 19 June 2018.

(3) The expense of share options charged to profit or loss for the year ended 31 December 2022 was amortised and charged to profit or loss during 2018 to 2021. Therefore, there was no expense of share options charged to profit or loss for the Year (2021: RMB0.8 million). The relevant accounting policy is described in Note 2.23 "Share-based payments" to the consolidated financial statements of the Company for the year ended 31 December 2022.

(4) The performance targets of the Company's Pre-Listing Share Option Scheme are that on the relevant vesting date of share options, the relevant grantee is employed by the Group or any other entity specified in the relevant offer letter in respect of the share options (as the case may be) and the vesting of the share options is subject to (i) the Group's net profit for relevant financial year being equivalent to an increase of 38% or more in the Group's net profit for the preceding financial year; and (ii) the relevant grantee having achieved the individual annual performance target set by the Group during the relevant financial year.

(b) Share Option Scheme

On 28 September 2020, the Share Option Scheme was approved and adopted by the Shareholders, which is for a term of 10 years from the date of its adoption and will expire on 27 September 2030. A summary of the principal terms of the Share Option Scheme is set out as follows:

(i) Purpose

- To motivate the eligible participants to work hard for the future development of the Group by providing them with the opportunities for acquiring the Shares of the Company so as to promote the long-term stable development of the Group;
- To provide incentives and/or rewards to eligible participants for their contribution to the Group; and
- To enhance the Group's ability to attract and retain individuals with outstanding skills and extensive experience.

(ii) Eligible participants

- employee participants, including any current employee, executive or officer of the Group;
- any Director of the Company (including non-executive Director and independent non-executive Director); or
- service providers, including any advisor, consultant or business partner of any member of the Group whom the Board or its authorised person considers at its sole discretion has made or will make contribution to the Group.

(iii) Maximum number of Shares available for issue

- The maximum number of Shares which may be issued under the Share Option Scheme will be 82,780,000 Shares.

- The maximum number of Shares which may be issued under the share options that may be granted under the Share Option Scheme, and new and other existing share option schemes of the Company shall not exceed 10% of the total number of issued Shares.

- The maximum number of Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of Shares in issue from time to time.

As at the date of this report, a total of 62,519,000 Shares (including options to subscribe for 30,600,000 Shares that have been granted but not yet lapsed or exercised) (representing approximately 1.85% of the issued share capital of the Company as at the date of this report) were available for issue under the Share Option Scheme.

(iv) Maximum entitlement to options of each eligible participant

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

(v) Exercise period of options

The period during which the grantees may exercise the options under the Share Option Scheme shall not exceed 5 years from the date of grant and is subject to the terms of the Share Option Scheme.

(vi) Payment on acceptance of option offer

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

(vii) Basis for determining the exercise price

The exercise price of the share options shall be determined at the sole discretion of the Board, but in any case, at least the highest of the following:

- the closing price of the Shares on the date of grant (which must be a business day) as stated on the daily quotations sheet of the Stock Exchange;

- the average closing price of the Shares for the five business days before the date of grant as stated on the daily quotations sheet of the Stock Exchange; and

- 95% of the average closing price of the Shares for the ten business days before the date of grant as stated on the daily quotations sheet of the Stock Exchange.

(viii) Remaining life of the scheme

The Share Option Scheme will be valid for a period of 10 years from the date of adoption, beyond which no further share options shall be granted. However, the provisions of the Share Option Scheme shall remain in full force and effect in all other respects, and the options granted and not yet exercised shall remain valid and exercisable during the exercise period.

(ix) Vesting period

Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

On 28 September 2020, 23 March 2021 and 30 March 2022, the Company granted share options to a total of 73 eligible participants, including 65 participants who were employees (other than Directors) at the time of grant, 4 Directors and 4 service providers (the number of share options granted to one of the service providers exceeded 0.1% of the issued share capital of the Company at the adoption date). In addition, 2 eligible participants on 30 March 2022 were eligible participants on 23 March 2021.

During the year ended 31 December 2022, details of movements in the share options under the Share Option Scheme are as follows:

	Options to subscribe for Shares								
Category and name of grantee	Outstanding as at 1 January 2022	Granted during the Year	Exercised during the Year	Cancelled during the Year	Lapsed during the Year	Outstanding as at 31 December 2022	Exercise price per Share (HK$)	Date of grant	Exercise period
Directors									
Mr. Li Changjiang	5,790,000	–	–	–	–	5,790,000	50.07	28 September 2020	Vesting date[1] – 27 September 2025[7]
Mr. Xiao Hua	1,520,000	–	–	–	–	1,520,000	50.07	28 September 2020	Vesting date[1] – 27 September 2025[7]
Mr. Guo Zhanjun	1,200,000	–	–	–	–	1,200,000	50.07	28 September 2020	Vesting date[1] – 27 September 2025[7]
Sub-total of Directors	8,510,000	–	–	–	–	8,510,000	50.07		
Employee participants	36,689,000[4]	–	–	–	2,953,000	33,736,000	50.07	28 September 2020	Vesting date[1] – 27 September 2025[7]
	1,600,000	–	–	1,600,000	–	–	72.40	23 March 2021	Vesting date[2] – 22 March 2026[7]
	–	3,240,000[5][7][11]	–	–	–	3,240,000	50.07	30 March 2022	Vesting date[3] – 29 March 2027[7]
Service providers[6]	6,480,000	–	–	–	160,000	6,320,000	50.07	28 September 2020	Vesting date[1] – 27 September 2025[7]
Sub-total of eligible participants (other than Directors)	44,769,000	3,240,000	–	1,600,000	3,113,000	43,296,000			
Total	53,279,000	3,240,000	–	1,600,000	3,113,000	51,806,000			

Notes:

(1) Subject to the satisfaction of certain vesting conditions, the vesting date shall be the date on which the auditor's report of the Company for the relevant financial year is issued: (a) 40% of the total number of Shares granted pursuant to the share options will be vested to the relevant grantees on the date on which the audited financial report for the year ended 31 December 2020 is issued; (b) 30% of the total number of Shares granted pursuant to the share options will be vested to the relevant grantees on the date on which the audited financial report for the year ended 31 December 2021 is issued; and (c) 30% of the total number of Shares granted pursuant to the share options will be vested to the relevant grantees on the date on which the audited financial report for the year ending 31 December 2022 is issued.

(2) Subject to the satisfaction of certain vesting conditions, the vesting date of the share options granted by the Company on 28 September 2020 and 23 March 2021 to a total of 61 other participants, including 57 employees (other than Directors) and four service providers*, to subscribe for 53,900,000 Shares shall be the date as set out in note (1), and the vesting date of the share options granted to six employees (other than Directors) to subscribe for the remaining 4,000,000 Shares shall be the date on which the auditor's report of the Company for the relevant financial year is issued, (a) 40% of the total number of Shares granted pursuant to the share options will be vested to the relevant grantees on the date on which the audited financial report for the year ended 31 December 2021 is issued; (b) 30% of the total number of Shares granted pursuant to the share options will be vested to the relevant grantees on the date on which the audited financial report for the year ending 31 December 2022 is issued; and (c) 30% of the total number of Shares granted pursuant to the share options will be vested to the relevant grantees on the date on which the audited financial report for the year ending 31 December 2023 is issued.

* *Service providers (all being consultants of the Company) represent persons who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interest of the long-term growth of the Group. For the avoidance of doubt, service providers exclude placing agents or financial advisors providing consulting services for fundraising, mergers or acquisitions or professional services provider who provides assurance services, or is required to perform services with impartiality and objectivity.*

(3) Subject to the satisfaction of certain vesting conditions, as at 30 March 2022, the Company granted share options to five employees (other than Directors) to subscribe for 3,240,000 Shares in total, of which the vesting date of a total of 1,600,000 share options granted to two grantees shall be the date on which the auditor's report of the Company for the relevant financial year is issued, (a) 40% of the total number of Shares granted pursuant to the share options will be vested to the relevant grantees on the date on which the audited financial report for the year ended 31 December 2021 is issued; (b) 30% of the total number of Shares granted pursuant to the share options will be vested to the relevant grantees on the date on which the audited financial report for the year ending 31 December 2022 is issued; and (c) 30% of the total number of Shares granted pursuant to the share options will be vested to the relevant grantees on the date on which the audited financial report for the year ending 31 December 2023 is issued. The vesting date of a total of 1,640,000 share options granted to the remaining three grantees shall be the date on which the auditor's report of the Company for the relevant financial year is issued, (a) 40% of the total number of Shares granted pursuant to the share options will be vested to the relevant grantees on the date on which the audited financial report for the year ended 31 December 2022 is issued; (b) 30% of the total number of Shares granted pursuant to the share options will be vested to the relevant grantees on the date on which the audited financial report for the year ending 31 December 2023 is issued; and (c) 30% of the total number of Shares granted pursuant to the share options will be vested to the relevant grantees on the date on which the audited financial report for the year ending 31 December 2024 is issued. The reason for the vesting period of some share options being less than 12 months is that: the exercise price (i.e. exercise price of HKD72.40) of the same number of outstanding share options granted on 23 March 2021 (i.e. share options to subscribe for 1,600,000 Shares) no longer serves the purpose of providing incentives and rewards for promoting the grantees to contribute to the Group, and is not conducive to retaining existing grantees and make lasting contributions to the development of the Group. Accordingly, both the Remuneration Committee and the Board have resolved to cancel the outstanding share options under the Share Option Scheme and grant an equal number of new share options to the existing grantees.

(4) As Mr. Yang Zhicheng is still a director of CG Property Services HK, a substantial subsidiary of the Company, his share options of 2,400,000 Shares remain valid. In addition, one service provider who has become an employee of the Group in 2021 has outstanding share options of 200,000 Shares in 2022.

(5) On 30 March 2022, the Company granted share options to five eligible participants to subscribe for 3,240,000 Shares in total in accordance with the terms of the Share Option Scheme. The closing price of the Shares immediately preceding the date of grant of 30 March 2022 is HK$31.30.

(6) For such four service providers on the date of grant (i.e., 28 September 2020) of the Share Option Scheme, one service provider became an employee of the Group in 2021, and another service provider resigned in 2022 (160,000 Shares out of the options lapsed). Apart from this, the nature of the other service providers remained unchanged during the Year.

(7) On 30 March 2022, the Company granted share options to eligible participants (all being the Group's employees) to subscribe for 3,240,000 Shares in total in accordance with the terms of the Share Option Scheme. Such share options had a fair value of approximately RMB7,206,735 on the date of grant. On 23 March 2021, the Company granted share options to eligible participants (all being the Group's employees) to subscribe for 1,600,000 Shares. Such share options had a fair value of approximately RMB17,738,737 on the date of grant. On 28 September 2020, the Company granted share options to eligible participants to subscribe for 71,500,000 Shares in total in accordance with the terms of the Share Option Scheme. Such share options had a fair value of approximately RMB530,706,416 on the date of grant.

(8) All eligible participants who were granted options by the Company during the Year are employees of the Group and none of them is (i) a connected person; (ii) a participant with Shares granted exceeding the personal limit of 1%; and (iii) a related entity participant or service provider with Shares granted in any 12-month period exceeding 0.1% of the issued Shares of the Company.

(9) The expense of share options charged to profit or loss during the Year was approximately RMB0.55 million (for the corresponding period in 2021: RMB216.5 million). The relevant accounting policy is described in Note 2.23 "Share-based payments" to this report.

(10) Subject to the satisfaction of the vesting conditions under the terms of the Share Option Scheme and that the share options are not lapsed, the share options are exercisable by the grantees before 27 September 2025, 22 March 2026 and 29 March 2027, respectively.

(11) The performance targets of the Company's Share Option Scheme are that on the relevant vesting date of share options, the relevant grantee is employed by the Group or any other entity specified in the relevant offer letter in respect of the share options (as the case may be) and the vesting of the share options is subject to (i) the Group's net profit for relevant financial year being equivalent to an increase of 38% or more in the Group's net profit for the preceding financial year; and (ii) the relevant grantee having achieved the individual annual performance target set by the Group during the relevant financial year.

(12) During the Year, no share options were exercised by eligible participants, therefore the weighted average closing price of relevant Shares immediately preceding the date of exercise of share options was not applicable.

(13) As at 1 January 2022 and 31 December 2022, the number of Shares available for grant under the Share Option Scheme was 9,680,000 Shares and 6,440,000 Shares.

The total number of Shares which may be issued upon the exercise of the share options granted under the Pre-Listing Share Option Scheme and the Share Option Scheme dividing by the weighted average number of Shares in issue during the Year is 0.096%.

Save as disclosed above, no outstanding options had been exercised, cancelled or lapsed under the Share Option Scheme during the reporting period.

EQUITY FUND-RAISING ACTIVITIES AND USES OF PROCEEDS

Placing of New Shares Under the General Mandate in November 2021

On 18 November 2021, the Company and the placing agents, being UBS AG Hong Kong Branch, China International Capital Corporation Hong Kong Securities Limited and Citigroup Global Markets Limited (together, the "**November 2021 Placing Agents**") entered into a placing agreement (the "**November 2021 Placing Agreement**"), pursuant to which the Company conditionally agreed to appoint the November 2021 Placing Agents, and the November 2021 Placing Agents, on a several (not joint nor joint and several) basis, conditionally agreed to act as placing agents for the Company, and to procure, on a fully underwritten basis, placees to subscribe for (or failing which, to purchase themselves as principals) an aggregate of 150,000,000 new Shares (the "**November 2021 Placing Shares**") at a price of HK$53.35 per Share (the "**November 2021 Placing**"). In accordance with the November 2021 Placing Agreement, the November 2021 Placing Agents procured the placing of the November 2021 Placing Shares to no less than six placees, who/which are professional, institutional and/or other investors. The gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the November 2021 Placing are approximately HK$8,002.50 million and approximately HK$8,002.12 million, respectively. The November 2021 Placing Shares have a total nominal value of US$15,000 and a market value of approximately HK$8,842,500,000, based on the closing price of HK$58.95 per Share on the last full trading day prior to the date of the November 2021 Placing Agreement, as there was no closing price for the Shares on 18 November 2021. The net price per November 2021 Placing Share was approximately HK$53.35. The conditions precedent to the November 2021 Placing have been satisfied. On 26 November 2021, the Company issued 150,000,000 Shares at a subscription price of HK$53.35 per Share under the general mandate granted to the Directors at the annual general meeting of the Company held on 28 May 2021.

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

The Directors consider that the November 2021 Placing represents an opportunity to raise capital for the Company while broadening its Shareholder and capital base, and it will strengthen the financial position and liquidity of the Group and provide funding to the Group for working capital and future development purposes without incurring interest costs.

For details, please refer to the relevant announcements of the Company as referred to in the table below.

As at the date of this report, the Group has fully utilized placing proceeds from the November 2021 Placing. The actual or proposed uses of the proceeds from the above equity fund-raising activities are in line with the plan disclosed by the Company, and details of the proposed and actual uses of the proceeds are as follows:

Date of announcement	Fund-raising activity	Net proceeds	Proposed use of proceeds	Actual use of proceeds during the Year
18 November 2021 and 26 November 2021	Placing of new shares under the general mandate in November 2021	Approximately HK$8,002.12 million	Investments in potential future merger and acquisition projects relating to the principal activities of the Group, expansion in respect of new businesses including commercial and office building services, commercial management services, city services and life services, refinancing and working capital purposes	As at the date of this report, the Group has fully utilized placing proceeds of approximately HK$8,002.12 million, of which approximately HK$1,148.99 million has been utilized for mergers and acquisitions, approximately HK$112.24 million for expansion in respect of new businesses, approximately HK$6,733.23 million for refinancing and approximately HK$7.66 million as working capital.

During the year ended 31 December 2022, the Company had not conducted any equity fund-raising activity. The proceeds from equity fund-raising activities of the Company since listing have been fully utilized, for details, please refer to the section on equity fund-raising activities in the Company's previous annual reports.

CORPORATE GOVERNANCE

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

COMPLIANCE WITH LAWS AND REGULATIONS

During the Year, the Group was subject to a number of laws and regulations, mainly including the Company Law of the PRC, the Civil Code of the PRC, the Property Management Regulations, the Price Law of the PRC, the Measures for the Management of Property Service Charge, the Regulations on Property Management Service Fee with Clear Price Tag, the Bid-Inviting and Bidding Law of the PRC, the Interim Measures for Bid-Inviting and Bidding Management of Preliminary Property Management, the Environment Protection Law of the PRC, the Production Safety Law of the PRC, the Fire Prevention Law of the PRC, the Regulations on the Administration of Security Services, the Regulations on Safety Supervision of Special Equipment, Measures for the Management of Special Maintenance of Residential Buildings, Administrative Measures of the Indoor Fitment and Decoration, the Administrative Measures for Municipal Solid Waste, Administration of Urban Construction Garbage, Food Safety Law of the PRC, Advertising Law of the PRC, the Administrative Measures for Real Estate Brokerage, the Labour Law of the PRC, the Labour Contract Law of the PRC, the Implementation Regulations for the Labour Contract Law of the PRC, the Social Security Law of the PRC and Administrative Regulation on Housing Provident Fund, etc.

During the year ended 31 December 2022, the Group's business had complied with the relevant laws and regulations in all material respects and there were no material violations or contraventions of any laws or regulations applicable to the Group which may have a material adverse impact on the Group's business or financial position as a whole.

SUFFICIENCY OF PUBLIC FLOAT

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

PRE-EMPTIVE RIGHTS

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

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

During the year ended 31 December 2022, the Company repurchased a total of 3,140,000 Shares on the Hong Kong Stock Exchange at a total consideration of HK$98,334,150 (before expenses). All the Shares repurchased were subsequently cancelled in full during the Year. Details of the Shares repurchased during the Year were as follows:

Month	Number of Shares repurchased	Purchase price per Share Highest HK$	Purchase price per Share Lowest HK$	Total consideration (before expenses) HK$
January 2022	1,493,000	43.75	39.25	61,423,300
July 2022	1,647,000	24.30	20.50	36,910,850
	3,140,000			98,334,150

The purpose of such Share repurchase was to increase the returns for the Shareholders and to reflect the Company's confidence in its business prospects, and was beneficial to all Shareholders. As at 31 December 2022, the total number of Shares in issue of the Company was 3,373,127,390 Shares.

Save as disclosed above, during the year ended 31 December 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDITOR

The consolidated financial statements for the year ended 31 December 2022 have been audited by PricewaterhouseCoopers. A resolution on the re-appointment of PricewaterhouseCoopers as the Company's auditor for the ensuing year will be proposed at the 2023 AGM of the Company.

TAX RELIEF AND EXEMPTION AND CONSULTING PROFESSIONAL TAX ADVISERS

The Company is not aware of any tax relief or exemption available to any Shareholders as a result of holding the securities of the Company. Shareholders are recommended to consult professional advisers if they are in any doubt as to the tax implications of purchasing, holding, disposing of, dealing in or the exercise of any rights in relation to the shares of the Company.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the eligibility of the shareholders to attend, speak and vote at the 2023 AGM, and the eligible shareholders' entitlement to the proposed final dividend and special dividend, the register of members of the Company will be closed as appropriate as set out below:

(i) For determining the shareholders' eligibility to attend, speak and vote at the 2023 AGM:

Latest time to lodge transfer documents for registration with the Company's Hong Kong branch share registrar and transfer office	At 4:30 p.m. on Friday, 19 May 2023
Record date	Monday, 22 May 2023
Closure of the register of members of the Company	From Monday, 22 May 2023 to Thursday, 25 May 2023 (both days inclusive)

(ii) Subject to the passing of the proposal for distributing the final dividend and special dividend at the 2023 AGM, for determining the eligible shareholders' entitlement to the proposed final dividend and special dividend:

Latest time to lodge transfer documents for registration with the Company's Hong Kong branch share registrar and transfer office	At 4:30 p.m. on Monday, 5 June 2023
Closure of the register of members of the Company	From Tuesday, 6 June 2023 to Wednesday, 7 June 2023 (both days inclusive)
Record date	Wednesday, 7 June 2023 (both days inclusive)

For purposes mentioned above, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than the aforementioned latest time.

For and on behalf of the Board
LI Changjiang
President and Executive Director

Foshan, China, 29 March 2023

pwc 羅兵咸永道

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

Opinion

What we have audited

The consolidated financial statements of Country Garden Services Holdings Company Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 103 to 206, comprise:

- the consolidated balance sheet as at 31 December 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

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

Independence

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

Key Audit Matters

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

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Key audit matters identified in our audit are summarised as follows:

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of the expected credit losses of trade receivables Refer to note 3.1.1 'Credit risk', note 4 'Critical accounting estimates and judgments' and note 23 'Trade and other receivables' to the consolidated financial statements. As at 31 December 2022, the gross balance of trade receivables amounted to RMB15,956,120,000, which represented approximately 22.8% of the total assets of the Group. Management has assessed the expected credit losses of the trade receivables and RMB597,998,000 of loss allowance was made against the trade receivables as at 31 December 2022. Management assessed the expected credit losses of trade receivables based on assumptions about risk of default and expected credit loss rates. The Group used judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, aging profile of the receivables, existing market conditions as well as forward looking estimates at the end of each reporting period, which are subject to high degree of estimation uncertainty. The inherent risk in relation to the assessment of the expected credit losses of trade receivables is considered relatively higher due to uncertainty of significant assumptions used. Given the magnitude of the balance of trade receivables and that the assessment of the expected credit losses of trade receivables involved significant judgments and estimates made by management, which in turn led to high degree of auditor judgment and significant audit effort in evaluating the audit evidence related to the assessment of the expected credit losses of trade receivables, we consider the assessment of the expected credit losses of trade receivables a key audit matter.	We have performed the following procedures to address this key audit matter: (i) Obtained an understanding of management's assessment process of expected credit losses of trade receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty, complexity, subjectivity and other inherent risk factors. (ii) Understood, evaluated and validated management's key controls in relation to the assessment of the expected credit losses of trade receivables. (iii) Assessed the appropriateness of the credit loss provisioning model and methodology adopted by management. (iv) Challenged the reasonableness of the estimated credit loss rates by considering historical cash collection and movements of the aging of trade receivables, and taking into account the market conditions as well as forward looking information with the involvement of our in-house valuation experts. (v) Tested, on a sample basis, the accuracy of aging report of trade receivables prepared by management. (vi) Checked the mathematical accuracy of the calculation of the provision for loss allowance. We found that the significant judgments and estimates made by management in relation to the assessment of the expected credit losses of trade receivables were supportable by available evidences.

Key Audit Matter	How our audit addressed the Key Audit Matter
Purchase price allocation for business combinations Refer to note 4 'Critical accounting estimates and judgments', note 17 'Intangible assets' and note 37 'Business combinations' to the consolidated financial statements. During the year ended 31 December 2022, the Group acquired several property management and other companies. Management has engaged an independent qualified valuer to assist them in identifying intangible assets and to perform the valuations of the identifiable assets and liabilities of the acquired companies at their respective acquisition dates and, based on which, management performed a purchase price allocation exercise for each acquisition, which resulted in recognition of other intangible assets of RMB285,571,000, mainly representing the identified contracts and customer relationships and brand, and goodwill of RMB586,226,000. Significant judgments and estimates were involved in the fair value assessment of the identified intangible assets and recognition of goodwill arising from the business combinations. These significant judgments and estimates include the adoption of appropriate valuation models and methodologies and the use of key assumptions in the valuation (mainly gross profit margins, earnings before interest, tax, depreciation and amortisation ("EBITDA"), discount rates and expected useful lives of the identified other intangible assets), which are subject to high degree of estimation uncertainty. The inherent risk in relation to the purchase price allocation for business combinations is considered significant due to uncertainty of significant assumptions used. We consider this area a key audit matter given the magnitude of the identified intangible assets and goodwill recognised arising from the business combinations, and the significant judgments and estimates involved in the fair value assessment of the identified intangible assets and the recognition of goodwill arising from the business combinations, which in turn led to high degree of auditor judgment and significant audit effort in evaluating the audit evidence related to the purchase price allocation for business combinations.	We have performed the following procedures to address this key audit matter: (i) Obtained an understanding of management's assessment process of purchase price allocation for business combinations and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty, complexity, subjectivity and other inherent risk factors. (ii) Understood, evaluated and validated management's key controls in relation to the purchase price allocation for business combinations. (iii) Assessed the competency, capabilities and objectivity of the external valuer engaged by management. (iv) Obtained the valuation reports in relation to the purchase price allocation for the business combinations, and assessed the appropriateness of the valuation models and methodologies adopted by management and the reasonableness of discount rates used by management with the involvement of our in-house valuation experts. (v) Challenged and assessed the reasonableness of the key assumptions used in the cash flow forecasts for the valuation of the identified other intangible assets. For gross profit margins, EBITDA margins and the expected useful lives of the identified other intangible assets, we compared these assumptions with the relevant historical data of these acquired companies and market data, where applicable. (vi) Evaluated the reasonableness of the sensitivity analysis performed by management on the key assumptions to understand the impact of reasonable changes in assumptions on the identified other intangible assets and goodwill. (vii) Checked the mathematical accuracy of the calculations of the fair value of the identified other intangible assets and goodwill. We found that the significant judgments and estimates involved in the fair value assessment of the identified intangible assets and the recognition of goodwill arising from the business combinations were supportable by available evidences.

Key Audit Matter	How our audit addressed the Key Audit Matter
Goodwill impairment assessment Refer to note 4 'Critical accounting estimates and judgments' and note 17 'Intangible assets' to the consolidated financial statements. As at 31 December 2022, the Group had goodwill of RMB17,901,317,000 which accounted for approximately 25.5% of the total assets of the Group. Management has assessed the goodwill impairment and impairment losses of goodwill amounting to RMB1,735,538,000 was recognised in the current year. For the purposes of goodwill impairment assessment, management assessed the impairment of goodwill by determining the recoverable amounts of the cash-generated-units ("CGU") based on higher of fair value less costs of disposal and value in use. The goodwill impairment assessment calculation requires the Group to forecast the future cash flows expected to arise from the CGU based on the financial budgets approved by management. Management has engaged an independent qualified valuer to assist them in the goodwill impairment assessment. Significant judgments and estimates were involved in the goodwill impairment assessment. These significant judgments and estimates include the adoption of appropriate model and methodology to perform goodwill impairment assessment and the use of key assumptions in the value-in-use calculation, which primarily include annual revenue growth rates, gross profit margins, EBITDA margins, terminal growth rate and discount rates. The judgments and estimates are subject to high degree of estimation uncertainty. The inherent risk in relation to the goodwill impairment assessment is considered significant due to uncertainty of significant assumptions used. We consider this area a key audit matter due to the significance of the goodwill balance and the significant judgments and estimates made by management in the goodwill impairment assessment, which in turn led to high degree of auditor judgment and significant audit effort in evaluating the audit evidence related to the goodwill impairment assessment.	We have performed the following procedures to address this key audit matter: (i) Obtained an understanding of management's assessment process of goodwill impairment and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty, complexity, subjectivity and other inherent risk factors. (ii) Understood, evaluated and validated management's key controls in relation to the goodwill impairment. (iii) Assessed the appropriateness of the Group's identification of the CGU and allocation of goodwill based on the Group's accounting policies and our understanding of the Group's business. (iv) Assessed the competency, capabilities and objectivity of the external valuer engaged by management. (v) Obtained management's assessment on goodwill impairment and assess the appropriateness of the model and methodology adopted by management to perform goodwill impairment assessment and the discount rates used by management, with the involvement of our in-house valuation experts. (vi) Challenged and assessed the reasonableness of the key assumptions used in the goodwill impairment assessment. For the annual revenue growth rates, gross profit margins and EBITDA margins, we compared them with the relevant historical data of these companies and market data, where applicable; for the terminal growth rate, we assessed it with reference to the long-term expected inflation rate based on our independent research. (vii) Performed a retrospective review by comparing the prior year's cash flow forecasts with the current year's results to assess the reliability and historical accuracy of management's forecasting process. (viii) Evaluated the reasonableness of the sensitivity analysis performed by management on the key assumptions to understand the impact of reasonable changes in assumptions on the recoverable amount. (ix) Checked the mathematical accuracy of the calculations of the goodwill impairment assessment. We found that the significant judgments and estimates involved in the goodwill impairment assessment were supportable by available evidences.

Other Information

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

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

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

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

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Lam Sung Wan.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 March 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2022 RMB'000	2021 RMB'000
Revenue	5	**41,366,573**	28,843,011
Cost of providing services	8	**(30,099,530)**	(19,594,401)
Cost of sales of goods	8	**(1,009,577)**	(384,613)
Gross profit		**10,257,466**	8,863,997
Selling and marketing expenses	8	**(437,721)**	(337,625)
General and administrative expenses	8	**(4,270,325)**	(3,259,384)
Impairment of goodwill and other intangible assets	17	**(1,770,415)**	—
Net impairment losses on financial and contract assets	8	**(679,180)**	(188,276)
Other income	6	**537,678**	198,608
Other (losses)/gains — net	7	**(114,158)**	451,946
Operating profit		**3,523,345**	5,729,266
Finance income	10	**142,695**	123,212
Finance costs	10	**(214,827)**	(221,060)
Finance costs — net	10	**(72,132)**	(97,848)
Share of results of investments accounted for using the equity method	19	**34,425**	41,421
Profit before income tax		**3,485,638**	5,672,839
Income tax expense	11	**(1,224,302)**	(1,323,386)
Profit for the year		**2,261,336**	4,349,453
Profit attributable to:			
— Owners of the Company		**1,943,422**	4,033,395
— Non-controlling interests		**317,914**	316,058
		2,261,336	4,349,453
Other comprehensive income			
Items that may be reclassified to profit or loss:			
— Currency translation differences	27	**(22,727)**	(3,508)
Items that will not be reclassified to profit or loss:			
— Changes in fair value of financial assets at fair value through other comprehensive income	27	**190,828**	(64,462)
Total other comprehensive income for the year, net of tax		**168,101**	(67,970)
Total comprehensive income for the year		**2,429,437**	4,281,483
Total comprehensive income attributable to:			
— Owners of the Company		**2,114,475**	3,965,425
— Non-controlling interests		**314,962**	316,058
		2,429,437	4,281,483

	Note	Year ended 31 December 2022	2021
Earnings per share for profit attributable to owners of the Company (expressed in RMB cents per share)			
— Basic	12	**57.68**	128.42
— Diluted	12	**57.68**	128.01

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

CONSOLIDATED BALANCE SHEET

	Note	At 31 December 2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**1,477,517**	1,365,576
Other right-of-use assets	15	**214,389**	263,688
Investment properties	16	**1,989,667**	936,082
Intangible assets	17	**25,953,361**	27,944,798
Investments accounted for using the equity method	19	**644,815**	397,750
Financial assets at fair value through other comprehensive income	21	**4,151,610**	4,164,466
Contract assets	22	**427,725**	390,725
Trade and other receivables	23	**246,603**	–
Deferred income tax assets	31	**314,715**	149,177
		35,420,402	35,612,262
Current assets			
Inventories		**270,758**	210,514
Trade and other receivables	23	**22,146,142**	15,577,884
Financial assets at fair value through profit or loss	24	**862,822**	3,656,197
Restricted bank deposits	25	**161,002**	137,282
Cash and cash equivalents	25	**11,215,770**	11,618,619
		34,656,494	31,200,496
Total assets		**70,076,896**	66,812,758

	Note	At 31 December 2022 RMB'000	2021 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital and share premium	26	**27,329,914**	27,202,614
Other reserves	27	**812,916**	468,640
Retained earnings	28	**9,313,601**	8,515,620
		37,456,431	36,186,874
Non-controlling interests		**2,452,569**	2,186,619
Total equity		**39,909,000**	38,373,493
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	32	**1,015,929**	442,175
Lease liabilities	15	**2,053,781**	931,685
Deferred income tax liabilities	31	**2,104,015**	2,274,849
		5,173,725	3,648,709
Current liabilities			
Contract liabilities	5	**5,981,946**	4,535,710
Trade and other payables	30	**16,865,118**	14,412,941
Current income tax liabilities		**697,069**	887,709
Convertible bonds		**–**	4,064,827
Bank and other borrowings	32	**1,237,636**	680,363
Lease liabilities	15	**212,402**	209,006
		24,994,171	24,790,556
Total liabilities		**30,167,896**	28,439,265
Total equity and liabilities		**70,076,896**	66,812,758

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

The financial statements on pages 103 to 206 were approved by the Board of Directors on 29 March 2023 and were signed on its behalf.

Li Changjiang	**Guo Zhanjun**
Director	Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the Company					
	Note	Share capital and share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2021		8,361,602	917,351	5,286,787	14,565,740	1,593,298	16,159,038
Comprehensive income							
Profit for the year		–	–	4,033,395	4,033,395	316,058	4,349,453
Other comprehensive income		–	(67,970)	–	(67,970)	–	(67,970)
Total comprehensive income for the year ended 31 December 2021		–	(67,970)	4,033,395	3,965,425	316,058	4,281,483
Transactions with owners of the Company							
Placing of shares		15,100,310	–	–	15,100,310	–	15,100,310
Issuance of shares as a result of scrip dividend		26,080	–	–	26,080	–	26,080
Buy-back of shares		(594,070)	–	–	(594,070)	–	(594,070)
Employee share schemes							
– value of employee services		–	217,348	–	217,348	–	217,348
– exercise of options		971,095	(165,661)	–	805,434	–	805,434
Capital injection from non-controlling interests		–	–	–	–	8,983	8,983
Transactions with non-controlling interests		–	(499,361)	–	(499,361)	(135,376)	(634,737)
Non-controlling interests arising from business combinations		–	–	–	–	483,416	483,416
Appropriation of statutory reserves		–	101,493	(101,493)	–	–	–
Equity component of convertible bonds		–	99,365	–	99,365	–	99,365
Conversion of convertible bonds		3,337,597	(133,925)	–	3,203,672	–	3,203,672
Dividends		–	–	(703,069)	(703,069)	(79,760)	(782,829)
Total transactions with owners		18,841,012	(380,741)	(804,562)	17,655,709	277,263	17,932,972
Balance at 31 December 2021		27,202,614	468,640	8,515,620	36,186,874	2,186,619	38,373,493
Balance at 1 January 2022		**27,202,614**	**468,640**	**8,515,620**	**36,186,874**	**2,186,619**	**38,373,493**
Comprehensive income							
Profit for the year		**–**	**–**	**1,943,422**	**1,943,422**	**317,914**	**2,261,336**
Other comprehensive income		**–**	**171,053**	**–**	**171,053**	**(2,952)**	**168,101**
Total comprehensive income for the year ended 31 December 2022		**–**	**171,053**	**1,943,422**	**2,114,475**	**314,962**	**2,429,437**
Transactions with owners of the Company							
Consideration issue	26(c), 33(b)	**58,846**	**–**	**–**	**58,846**	**–**	**58,846**
Issuance of shares as a result of scrip dividend	13, 26	**147,860**	**–**	**–**	**147,860**	**–**	**147,860**
Buy-back of shares	26(b)	**(82,050)**	**–**	**–**	**(82,050)**	**–**	**(82,050)**
Employee share schemes							
– value of employee services	9	**–**	**55,464**	**–**	**55,464**	**–**	**55,464**
– exercise of options	26(a), 27	**2,644**	**(769)**	**–**	**1,875**	**–**	**1,875**
Capital injection from non-controlling interests		**–**	**–**	**–**	**–**	**30,666**	**30,666**
Transactions with non-controlling interests	35	**–**	**(17,835)**	**–**	**(17,835)**	**(14,315)**	**(32,150)**
Non-controlling interests arising from business combinations	37	**–**	**–**	**–**	**–**	**17,353**	**17,353**
Appropriation of statutory reserves		**–**	**137,751**	**(137,751)**	**–**	**–**	**–**
Disposals of subsidiaries	36	**–**	**–**	**–**	**–**	**5,705**	**5,705**
Disposals of financial assets at fair value through other comprehensive income	27	**–**	**(1,388)**	**1,388**	**–**	**–**	**–**
Dividends	13	**–**	**–**	**(1,009,078)**	**(1,009,078)**	**(88,421)**	**(1,097,499)**
Total transactions with owners		**127,300**	**173,223**	**(1,145,441)**	**(844,918)**	**(49,012)**	**(893,930)**
Balance at 31 December 2022		**27,329,914**	**812,916**	**9,313,601**	**37,456,431**	**2,452,569**	**39,909,000**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2022 RMB'000	2021 RMB'000
Cash flows from operating activities			
Cash generated from operations	33(a)	**5,198,208**	4,754,727
Income tax paid		**(1,876,916)**	(1,347,354)
Net cash generated from operating activities		**3,321,292**	3,407,373
Cash flows from investing activities			
Payments for acquisition of subsidiaries,net of cash acquired	37	**(638,263)**	(16,672,838)
Settlement of outstanding considerations payable for business combinations in prior years		**(286,917)**	(786,901)
Net cash inflow from disposals of subsidiaries	36	**5,717**	—
Dividends received from investment accounted for using the equity method	19	**20,035**	6,289
Dividends received from financial assets at fair value through other comprehensive income	6	**120,265**	—
Payments for investments accounted for using the equity method		**(70,764)**	(8,573)
Payments for property, plant and equipment	14	**(684,128)**	(363,341)
Payments for investment properties	16	**(6,344)**	(2,609)
Payments for intangible assets	17	**(211,463)**	(237,549)
Payments for financial assets at fair value through profit or loss		**(7,393,310)**	(5,413,027)
Payments for financial assets at fair value through other comprehensive income	3.3	**—**	(4,188,993)
Proceeds from disposals of property, plant and equipment	33(c)	**224,810**	158,108
Proceeds from disposals of intangible assets		**9,332**	14,289
Proceeds from disposals of investments accounted for using the equity method		**88,078**	—
Proceeds from disposals of financial assets at fair value through profit or loss	3.3	**9,908,052**	4,608,493
Proceeds from disposals of financial assets at fair value through other comprehensive income		**38,512**	—
Loans to third parties	23(b), 33(b)	**(510,849)**	(2,328,928)
Interest received	10	**142,695**	123,212
Net cash generated from/(used in) in investing activities		**755,458**	(25,092,368)

	Note	Year ended 31 December 2022 RMB'000	2021 RMB'000
Cash flows from financing activities			
Net proceeds from issuance of convertible bonds	33(d)	**—**	4,114,311
Redemption of convertible bonds	33(d)	**(4,279,781)**	—
Proceeds from bank and other borrowings	33(d)	**1,632,167**	552,277
Issuance of shares pursuant to share option scheme	26(a)	**1,875**	805,434
Placing of shares		**—**	15,100,310
Buy-back of shares	26(b)	**(82,050)**	(594,070)
Capital injection from non-controlling interests		**30,666**	8,983
Transactions with non-controlling interests	35	**(11,844)**	(595,797)
Principal elements of lease payments	33(d)	**(150,844)**	(163,301)
Repayments of bank and other borrowings	33(d)	**(501,140)**	(128,538)
Interest paid on leases	33(d)	**(89,939)**	(41,958)
Interest paid on bank and other borrowings	10	**(70,482)**	(63,232)
Dividends paid to owners of the Company	13	**(861,218)**	(676,989)
Dividends paid to non-controlling interests		**(27,954)**	(19,873)
Net cash (used in)/generated from financing activities		**(4,410,544)**	18,297,557
Net decrease in cash and cash equivalents		**(333,794)**	(3,387,438)
Cash and cash equivalents at beginning of the year		**11,618,619**	15,215,224
Effects of exchange rate changes on cash and cash equivalents		**(69,055)**	(209,167)
Cash and cash equivalents at end of the year		**11,215,770**	11,618,619

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

1 General information

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

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

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

The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These consolidated financial statements for the year ended 31 December 2022 are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 29 March 2023.

2 Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of financial assets at fair value through other comprehensive income ("FVOCI"), financial assets at fair value through profit or loss ("FVPL") and financial liabilities at FVPL, which are carried at fair value.

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

(a) The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2022:

- Merger accounting for common control combinations — Amendments to Accounting Guideline 5
- Property, plant and equipment — proceeds before intended use — Amendments to HKAS 16
- Onerous contracts — cost of fulfilling a contract — Amendments to HKAS 37
- Reference to the conceptual framework — Amendments to HKFRS 3
- Narrow — scope amendments (amendments) — Amendments to HKFRS 3, HKAS 16 and HKAS 37
- Annual improvements to HKFRS Standards 2018-2020 cycle — Annual Improvements

The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or annual improvements.

2 Summary of significant accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

(b) Except for Amendments to AG 5, HKAS 16, HKAS 37 and HKFRS 3 and Annual Improvements, which become effective this year, new and revised standards and amendments and interpretations to existing standards that have been issued and relevant to the Group but are not effective for the financial year beginning on 1 January 2022 and have not been early adopted are as follows:

		Effective for annual periods beginning on or after
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 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2024
Amendments to HKAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to HKFRS 16	Lease liability in a sale and leaseback	1 January 2024
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 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 effect on the consolidated financial statements of the Group.

2 Summary of significant accounting policies *(Continued)*

2.2 Principles of consolidation and equity accounting

2.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 2.3).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

2.2.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (note 2.2.4), after initially being recognised at cost.

2.2.3 Joint arrangements

Under HKFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has joint ventures only.

Interests in joint ventures are accounted for using the equity method (note 2.2.4), after initially being recognised at cost in the consolidated balance sheet.

2.2.4 Equity method

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

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

2 Summary of significant accounting policies *(Continued)*

2.2 Principles of consolidation and equity accounting *(Continued)*

2.2.4 Equity method (Continued)

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.10.

2.2.5 Changes in equity interests

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

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

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

2.3 Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

2 Summary of significant accounting policies *(Continued)*

2.3 Business combination *(Continued)*

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are recognized as expenses as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity,
- acquisition-date fair value of any previous equity interest in the acquired entity, and
- over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

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

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

2.4 Separate financial statements

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

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

2 Summary of significant accounting policies *(Continued)*

2.5 Segment reporting

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

2.6 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at FVPL are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as FVOCI are recognised in other comprehensive income.

(c) Group companies

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

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,

- income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2 Summary of significant accounting policies *(Continued)*

2.7 Property, plant and equipment

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

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

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

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

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

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

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains — net' in profit or loss.

2.8 Investment properties

Investment properties are held for long-term rental yields or for capital appreciation or both and are not occupied by the Group. Commercial properties held under leases held for rental yields and are not occupied by the Group are recognised as investment properties.

The Group measured its investment properties at cost, including related transaction costs and where applicable borrowing costs. Depreciation is calculated using the straight-line method to allocate their cost over their useful life or lease term varying from 3 to 40 years.

If an item of owner-occupied property becomes an investment property because its use has changed, the carrying amount of the item at the date of transfer is equal to the carrying amount of the investment property measured by the cost model.

2 Summary of significant accounting policies *(Continued)*

2.9 Intangible assets

(a) Goodwill

Goodwill is measured as described in note 2.3. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

(b) Software

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

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

(c) Contracts and customer relationships

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

(d) Insurance brokerage license

Insurance brokerage license acquired in the business combination is recognised at fair value at the acquisition date. It has a finite useful life and is subsequently carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over the expected useful lives of 12 years.

(e) Brand

Brand acquired in the business combination is recognised at fair value at the acquisition date. It has a finite useful life and is subsequently carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over the expected useful lives of 5 to 12 years.

2 Summary of significant accounting policies *(Continued)*

2.9 Intangible assets *(Continued)*

(f) Concession intangible assets

Where the Group has entered into contractual service concession arrangements with local government authorities for its participation in the municipal sanitation public infrastructure construction business, the Group carries out the construction or upgrade work of municipal sanitation public infrastructures for the granting authorities and receives in exchange of a right to operate the public infrastructures concerned. Concession intangible assets correspond to the right granted by the respective concession grantors to the Group to charge users of the sanitation services and the fact that the concession grantors (the respective local governments) have not provided any contractual guarantees in respect of the amounts of construction costs incurred to be recoverable. Amortisation of concession intangible assets is calculated using the straight-line method over the concession period of 5 to 29 years.

2.10 Impairment of non-financial assets

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

2.11 Investments and other financial assets

2.11.1 Classification

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

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

- those to be measured at amortised cost.

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

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

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

2 Summary of significant accounting policies *(Continued)*

2.11 Investments and other financial assets *(Continued)*

2.11.2 Recognition and derecognition

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

2.11.3 Measurement

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

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

Debt instruments

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

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

2 Summary of significant accounting policies *(Continued)*

2.11 Investments and other financial assets *(Continued)*

*2.11.3 **Measurement** (Continued)*

Equity instruments

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

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.12 Offsetting financial instruments

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

2.13 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1.1 details how the Group determines whether there has been a significant increase in credit risk.

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

2.14 Inventories

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

2.15 Trade and other receivables

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

2 Summary of significant accounting policies *(Continued)*

2.15 Trade and other receivables *(Continued)*

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in note 3.1.1.

2.16 Cash and cash equivalents and restricted cash

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank deposits which are restricted to use are included in "restricted cash" of the consolidated balance sheet. Restricted cash are excluded from cash and cash equivalents.

2.17 Share capital

Ordinary shares are classified as equity.

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

2.18 Trade and other payables

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

2.19 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

2 Summary of significant accounting policies *(Continued)*

2.19 Borrowings *(Continued)*

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.20 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.21 Current and deferred income tax

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

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

2 Summary of significant accounting policies *(Continued)*

2.21 Current and deferred income tax *(Continued)*

(b) Deferred income tax

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

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

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

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

2.22 Employee benefits

(a) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group contributes on a monthly basis to various defined contribution benefit plans organised by the relevant governmental authorities. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Assets of the plans are held and managed by government authorities and are separated from those of the Group.

2 Summary of significant accounting policies *(Continued)*

2.22 Employee benefits *(Continued)*

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

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

(c) Termination benefits

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

(d) Employee leave entitlements

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

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

2.23 Share-based payments

Share-based compensation benefits are provided to employees via the Company's share option scheme. Information relating to the scheme is set out in note 29. The fair value of the employee service received in exchange for the grant of the options is recognised as an expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

(i) Including any market performance conditions (e.g. the entity's share price);

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

(iii) Including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

2 Summary of significant accounting policies *(Continued)*

2.23 Share-based payments *(Continued)*

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

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

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

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

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

2.24 Provisions

Provisions for legal claims and other obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2 Summary of significant accounting policies *(Continued)*

2.25 Revenue recognition, contract assets and contract liabilities

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

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

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

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

Community value-added services mainly include home living services, home decoration services, real estate brokerage services, community media services, local life services, community area services, insurance brokerage services and sales of goods. Revenue from sales of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on the acceptance of the goods by the customer. Revenue from brokerage services is recognised at the point in time when the services are rendered and accepted by the customers. Revenue from the other services is recognised when the related community value-added services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered to the customer.

City services mainly include road cleaning services, garbage collection services, waste treatment services and sales of goods. The Group also provides construction services under service concession arrangements. Revenue from the construction services is recognised over time as the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced.

Commercial operational services mainly include tenant management, rent collection services and other value-added services. The Group provides shopping malls, neighborhood centers, commercial blocks, specialised markets 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 at the investment stage of property developers; (iii) providing market research and positioning, business planning consulting, tenant solicitation and opening preparation services to property developers or owners at the preparation stage before the opening of the properties; and (iv) providing tenant solicitation, operation and management services to property owners or tenants at the stage of property operation.

2 Summary of significant accounting policies *(Continued)*

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

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

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

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

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

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

2.26 Interest income

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

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

2.27 Dividend income

Dividends are received from financial assets at FVPL and at FVOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established.

2 Summary of significant accounting policies *(Continued)*

2.28 Leases

Leases are recognised as a right-of-use asset, a receivable (for subleased-out under finance leases) and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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

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

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

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

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

2 Summary of significant accounting policies *(Continued)*

2.28 Leases *(Continued)*

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

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

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

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

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

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets mainly comprise electronic equipment and vehicles.

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

2.29 Government grants

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

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

2.30 Dividend distribution

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

2 Summary of significant accounting policies *(Continued)*

2.31 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments, and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

3 Financial risk management

3.1 Financial risk factors

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

3.1.1 Credit risk

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

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

For trade receivables and contract assets, apart from certain receivables due from property developers, which were faced with liquidity pressures, the Group has large number of customers and there was no concentration of credit risk. The Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

The credit risks of other receivables are managed through an internal process. The credit quality of each counterparty is investigated before credit is granted. The Group also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. The Group reviews the recoverable amount of these receivables at the end of each reporting period.

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.1 Credit risk *(Continued)*

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

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

(a) Trade receivables and contract assets

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

As at 31 December 2022, the Group has assessed that the expected credit losses for trade receivables from related parties was immaterial. Thus no loss allowance provision for trade receivables from related parties was recognised as at 31 December 2022 (31 December 2021: nil).

As at 31 December 2022, the Group has assessed that trade receivables from certain third-party customers amounting to RMB1,313,113,000 were of specific credit risk due to significant changes in the market environment that have an adverse effect on these customers. Thus RMB275,757,000 of specific loss allowance provision was provided against these receivables as at 31 December 2022 (31 December 2021: RMB117,906,000).

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.1 Credit risk *(Continued)*

(a) Trade receivables and contract assets *(Continued)*

The expected loss rates for the remaining balances are based on the payment profiles of sales over a period of 6 and 5 years before 31 December 2022 or 1 January 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product and China Consumer Price Index to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. As at 31 December 2022, the Group has assessed that the expected credit losses for contract assets was immaterial. Thus no loss allowance provision for contract assets was recognised as at 31 December 2022 (31 December 2021: nil).

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

	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Trade receivables							
At 31 December 2022							
Expected loss rate	0.8%	5.5%	27.5%	45.7%	63.7%	100%	
Gross carrying amount (RMB'000)	10,826,522	1,699,600	270,136	66,462	24,051	24,892	12,911,663
Loss allowance provision (RMB'000)	84,259	93,199	74,195	30,373	15,323	24,892	322,241

	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Trade receivables							
At 31 December 2021							
Expected loss rate	0.6%	4.6%	25.1%	44.6%	59.1%	100%	
Gross carrying amount (RMB'000)	8,105,114	1,069,344	104,944	35,126	22,527	12,640	9,349,695
Loss allowance provision (RMB'000)	45,419	48,875	26,356	15,651	13,303	12,640	162,244

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.1 Credit risk *(Continued)*

(a) Trade receivables and contract assets *(Continued)*

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

	2022 **RMB'000**	2021 RMB'000
At 1 January	**280,150**	147,600
Provision for loss allowance recognised in profit or loss	**413,988**	133,360
Receivables written off as uncollectable	**(96,140)**	(810)
At 31 December	**597,998**	280,150

As at 31 December 2022, the gross carrying amount of trade receivables was RMB15,956,120,000 (2021: RMB10,568,503,000) and thus the maximum exposure to loss was RMB15,358,122,000 (2021: RMB10,288,353,000).

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.1 Credit risk *(Continued)*

(b) Other receivables (excluding prepayments)

Other receivables (excluding prepayments) mainly included payments on behalf of property owners, deposits, loans to third parties pledged by equities, receivables from finance leases and others. The following table presents the credit risk exposure of other receivables (excluding prepayments). Without considering guarantee or any other credit enhancement measures, the maximum credit risk exposure of other receivables (excluding prepayments) is presented as the gross carrying amount.

	At 31 December 2022			At 31 December 2021		
	Gross carrying amount RMB'000	**Expected loss rate**	**Loss allowance provision RMB'000**	Gross carrying amount RMB'000	Expected loss rate	Loss allowance provision RMB'000
Stage 1						
Deposits	**1,079,519**	**0.9%**	**10,100**	513,765	1.0%	5,011
Payments on behalf of property owners	**766,890**	**0.6%**	**4,844**	555,326	0.6%	3,440
Loans to third parties pledged by equities	**593,660**	**4.1%**	**24,333**	1,328,928	–	–
Receivables from finance leases	**260,869**	**–**	**–**	–	–	–
Others	**602,233**	**1.5%**	**8,966**	378,589	2.8%	10,445
	3,303,171		**48,243**	2,776,608		18,896
Stage 3						
Loans to third parties pledged by equities	**2,100,000**	**13.6%**	**285,834**	1,000,000	–	–
Others	**372,447**	**–**	**–**	481,174	10.4%	49,989
	2,472,447		**285,834**	1,481,174		49,989
	5,775,618		**334,077**	4,257,782		68,885

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

	2022 RMB'000	2021 RMB'000
At 1 January	**68,885**	13,969
Provision for loss allowance recognised in profit or loss	**265,192**	54,916
At 31 December	**334,077**	68,885

As at 31 December 2022, the gross carrying amount of other receivables (excluding prepayments) was RMB5,775,618,000 (2021: RMB4,257,782,000) and thus the maximum exposure to loss was RMB5,441,541,000 (2021: RMB4,188,897,000).

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.1 Credit risk *(Continued)*

(c) Financial guarantee

As at 31 December 2022, the Group has assessed that the expected credit losses for the financial guarantee and accordingly made a provision of RMB6,598,000 (note 41).

3.1.2 Liquidity risk

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

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

	Less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2022					
Trade and other payables (excluding payroll payables and other taxes payables)	**12,761,880**	**–**	**–**	**–**	**12,761,880**
Lease liabilities	**322,797**	**264,396**	**666,318**	**1,992,792**	**3,246,303**
Bank and other borrowings	**1,259,631**	**71,993**	**136,391**	**902,437**	**2,370,452**
Total	**14,344,308**	**336,389**	**802,709**	**2,895,229**	**18,378,635**
At 31 December 2021					
Trade and other payables (excluding payroll payables and other taxes payables)	11,353,120	–	–	–	11,353,120
Convertible bonds	4,119,069	–	–	–	4,119,069
Lease liabilities	219,360	202,337	413,972	567,888	1,403,557
Bank and other borrowings	753,812	36,565	40,443	567,595	1,398,415
Total	16,445,361	238,902	454,415	1,135,483	18,274,161

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.3 Foreign exchange risk

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

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

	31 December 2022 RMB'000	31 December 2021 RMB'000
Assets		
HKD	**104,259**	5,962,307
Other currencies	**89,679**	52,423
	193,938	6,014,730

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

	Change of profit or loss — increase/(decrease)	
	2022 RMB'000	2021 RMB'000
RMB against HKD:		
Strengthened by 5%	**(5,213)**	(298,115)
Weakened by 5%	**5,213**	298,115

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.4 Cash flow and fair value interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its borrowings, details of which have been disclosed in note 32. Borrowings carried at floating rates expose the Group to cash flow interest-rate risk whereas those carried at fixed rates expose the Group to fair value interest-rate risk.

The Group currently does not use any interest rate swaps to hedge its exposure to interest rate risk. However, the Group will consider hedging significant interest rate exposure should the need arise.

The exposure of the Group's borrowings (note 32) to interest rate changes and the contractual re-pricing dates of the borrowings at the end of the reporting period are as follows:

	2022		2021	
	RMB'000	**% of total loans**	RMB'000	% of total loans
Variable rate borrowings	**363,550**	**16%**	325,350	29%
Fixed rate borrowings — repricing or maturity dates:				
Less than 1 year	**1,237,636**	**55%**	680,363	61%
1—5 years	**114,871**	**5%**	49,325	4%
Over 5 years	**537,508**	**24%**	67,500	6%
	2,253,565	**100%**	1,122,538	100%

As at 31 December 2022, borrowings of the Group which were bearing at floating rates amounted to approximately RMB363,550,000 (2021: RMB325,350,000). As at 31 December 2022, if the interest rates had been 50 basis point higher/lower and all other variables were held constant, the Group's post-tax profit for the years ended 31 December 2022 would have been approximately RMB1,817,000 (2021: RMB1,213,000) lower/higher.

3.2 Capital management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total interest-bearing debt less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheets plus net debt.

As at 31 December 2022 and 2021, the Group maintained at net cash position.

3 Financial risk management *(Continued)*

3.3 Fair value estimation

3.3.1 Fair value hierarchy

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

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

	Level 1 RMB'000	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
At 31 December 2022				
Financial assets				
Financial assets at FVPL	**—**	**—**	**862,822**	**862,822**
Financial assets at FVOCI	**29,225**	**—**	**4,122,385**	**4,151,610**
Total financial assets	**29,225**	**—**	**4,985,207**	**5,014,432**
Financial liabilities				
Financial liabilities at FVPL	**—**	**—**	**269,361**	**269,361**

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2021				
Financial assets				
Financial assets at FVPL	26,252	—	3,629,945	3,656,197
Financial assets at FVOCI	130,759	—	4,033,707	4,164,466
Total financial assets	157,011	—	7,663,652	7,820,663
Financial liabilities				
Financial liabilities at FVPL	—	—	319,939	319,939

3 Financial risk management *(Continued)*

3.3 Fair value estimation *(Continued)*

3.3.2 Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the year ended 31 December 2022:

	Financial assets at FVPL (note 24) RMB'000	Financial assets at FVOCI (note 21) RMB'000	Total RMB'000
Opening balance at 1 January 2022	3,629,945	4,033,707	7,663,652
Additions	7,393,310	—	7,393,310
Transfer to subsidiaries	—	(202,292)	(202,292)
Disposals	(9,908,052)	—	(9,908,052)
Fair value changes	(252,381)	290,970	38,589
Closing balance at 31 December 2022	862,822	4,122,385	4,985,207

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

3.3.3 Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements of financial assets at FVOCI:

Description	Fair value at 31 December 2022 RMB'000	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Unlisted equity securities	4,123,519	Price-to-earnings ratio	9.7-23.8	The higher the price-to-earnings ratio, the higher the fair value
		Price-to-sales ratio	1.6	The higher the price-to-sales ratio, the higher the fair value

4 Critical accounting estimates and judgments

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

(a) Expected credit losses on receivables

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

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and the related loss allowances in the period in which such estimate is changed. For details of the key assumptions and inputs used, see note 3.1.1 above.

(b) Current tax and deferred tax

The Group is subject to income taxes in the PRC. Judgment is required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(c) Fair value assessment of the identified other intangible assets and the recognition of goodwill arising from business combinations

Significant judgments and estimates were involved in the fair value assessment of the identified other intangible assets and the recognition of goodwill arising from business combinations. These significant judgments and estimates include the adoption of appropriate valuation models and methodologies and the use of key assumptions in the valuation (mainly gross profit margins, earnings before interest, tax, depreciation and amortisation ("EBITDA") margins, discount rates and expected useful lives of the identified intangible assets). See note 17 for more details.

(d) Goodwill impairment assessment

For the purposes of goodwill impairment assessment, management considered each of the acquired companies a separate group of cash-generated-units ("CGU") and goodwill has been allocated to each of the acquired companies accordingly. Management assessed the impairment of goodwill by determining the recoverable amounts of the CGU based on higher of FVLCOD and value in use. The goodwill impairment assessment calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Significant judgments and estimates were involved in the goodwill impairment assessment. These significant judgments and estimates include the adoption of appropriate valuation model and methodology and the use of key assumptions in the valuation, which primarily include annual revenue growth rates, gross profit margins, EBITDA margins, terminal growth rate and discount rates. See note 17 for more details.

5 Revenue and segment information

Management has determined the operating segments based on the reports reviewed by the 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 was principally engaged in the provision of property management services, community value-added services, value-added services to non-property owners, water, electricity and heat supplies and property management services under the state-owned enterprises separation and reform program (hereinafter referred to as "Three Supplies and Property Management"), city services and commercial operational services in the PRC. The CODM of the Company regarded that there were four operating segments which were used to make strategic decisions:

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

— Three Supplies and Property Management businesses;

— City services business, which include sanitation, cleaning and sewage and waste treatment business; and

— Commercial operational services business.

The CODM assesses the performance of the operating segments based on a measure of operating profit, adjusted by excluding realised and unrealised gains from financial assets at FVPL, and including share of results of investments accounted for using the equity method.

Segment assets consist primarily of property, plant and equipment, other right-of-use assets, investment properties, intangible assets, investments accounted for using the equity method, contract assets, inventories, receivables, and operating cash. They exclude deferred income tax assets, financial assets at FVOCI and financial assets at FVPL. Segment liabilities consist primarily of operating liabilities. They exclude current and deferred income tax liabilities and bank and other borrowings.

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

5 Revenue and segment information *(Continued)*

Revenue mainly comprises of proceeds from provision of property management services, community value-added services, value-added services to non-property owners, heat supply services, city services and commercial operational services. An analysis of the Group's revenue by category for the years ended 31 December 2022 and 2021 was as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Revenue from property management and related services other than Three Supplies and Property Management businesses		
— Property management services	**22,855,603**	13,793,853
— Community value-added services	**4,017,481**	3,327,590
— Value-added services to non-property owners	**2,664,714**	2,675,085
— Other services	**153,650**	134,037
	29,691,448	19,930,565
Revenue from Three Supplies and Property Management businesses		
— Property management and other related services	**4,117,791**	2,507,514
— Heat supply services	**1,435,333**	1,221,795
	5,553,124	3,729,309
Revenue from city services business	**4,836,881**	4,528,952
Revenue from Commercial operational services business	**1,285,120**	654,185
	41,366,573	28,843,011

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the years ended 31 December 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.

5 Revenue and segment information *(Continued)*

(a) Contract liabilities

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

	At 31 December 2022 RMB'000	2021 RMB'000
Contract liabilities		
Property management services	**4,545,760**	3,461,819
Community value-added services	**506,306**	468,807
Value-added services to non-property owners	**144,474**	9,864
Three Supplies and Property Management		
— Property management and other related services	**169,430**	119,497
— Heat supply services	**492,892**	392,157
City services	**10,242**	6,239
Commercial operational services	**112,842**	77,327
	5,981,946	4,535,710

(i) Significant changes in contract liabilities

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

(ii) Revenue recognised in relation to contract liabilities

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

	Year ended 31 December 2022 RMB'000	2021 RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Property management services	**3,377,579**	1,361,871
Community value-added services	**468,807**	524,317
Value-added services to non-property owners	**9,864**	11,213
Three Supplies and Property Management		
— Property management and other related services	**100,076**	106,976
— Heat supply services	**392,157**	390,329
City services	**6,239**	30,904
Commercial operational services	**77,327**	—
	4,432,049	2,425,610

5 Revenue and segment information *(Continued)*

(a) Contract liabilities *(Continued)*

(iii) Unsatisfied performance obligations

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

For community value-added services, they are rendered in short period of time and there is immaterial unsatisfied performance obligation at the end of respective periods.

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

During the year ended 31 December 2022, there were no incremental costs to obtain a contract (2021: nil).

(b) Segment information

The segment information provided to the CODM for the year ended 31 December 2022 is as follows:

	Year ended 31 December 2022				
	Property management and related services other than Three Supplies and Property Management RMB'000	Three Supplies and Property Management RMB'000	City services business RMB'000	Commercial operational services RMB'000	Total RMB'000
Revenue from contracts with customers	29,731,761	5,553,124	4,887,437	1,073,836	41,246,158
Recognised over time	29,145,056	5,000,259	4,486,909	983,056	39,615,280
Recognised at a point time	586,705	552,865	400,528	90,780	1,630,878
Revenue from other source	–	–	–	263,831	263,831
Rental income	–	–	–	263,831	263,831
Total segment revenue	29,731,761	5,553,124	4,887,437	1,337,667	41,509,989
Less: inter-segment revenue	(40,313)	–	(50,556)	(52,547)	(143,416)
Revenue from external customers	29,691,448	5,553,124	4,836,881	1,285,120	41,366,573
Segment results	2,726,471	57,896	741,147	284,638	3,810,152

5 Revenue and segment information *(Continued)*

(b) Segment information *(Continued)*

The segment information provided to the CODM for the year ended 31 December 2022 is as follows *(Continued)*:

	Year ended 31 December 2022				
	Property management and related services other than Three Supplies and Property Management RMB'000	Three Supplies and Property Management RMB'000	City services business RMB'000	Commercial operational services RMB'000	Total RMB'000
Share of results of investments accounted for using the equity method	19,496	13,278	1,651	–	34,425
Depreciation and amortisation charges	1,287,673	81,616	365,965	133,566	1,868,820
Net impairment losses on financial and contract assets	517,963	46,096	113,898	1,223	679,180
Impairment of goodwill and other intangible assets	1,770,415	–	–	–	1,770,415
Capital expenditure	618,556	145,437	410,564	1,200,298	2,374,855

	At 31 December 2022				
	Property management and related services other than Three Supplies and Property Management RMB'000	Three Supplies and Property Management RMB'000	City services business RMB'000	Commercial operational services RMB'000	Total RMB'000
Segment assets	53,218,453	2,763,817	5,525,944	3,239,535	64,747,749
Investments accounted for using the equity method	477,155	149,438	18,222	–	644,815
Segment liabilities	17,830,918	2,509,966	1,905,831	2,866,532	25,113,247

5 Revenue and segment information *(Continued)*

(b) Segment information *(Continued)*

The segment information provided to the CODM for the year ended 31 December 2021 is as follows:

	Year ended 31 December 2021				
	Property management and related services other than Three Supplies and Property Management RMB'000	Three Supplies and Property Management RMB'000	City services business RMB'000	Commercial operational services RMB'000	Total RMB'000
Revenue from contracts with customers	19,935,694	3,729,309	4,566,039	479,655	28,710,697
Recognised over time	19,440,533	3,674,802	4,428,441	479,655	28,023,431
Recognised at a point time	495,161	54,507	137,598	–	687,266
Revenue from other source	–	–	–	174,613	174,613
Rental income	–	–	–	174,613	174,613
Total segment revenue	19,935,694	3,729,309	4,566,039	654,268	28,885,310
Less: inter-segment revenue	(5,129)	–	(37,087)	(83)	(42,299)
Revenue from external customers	19,930,565	3,729,309	4,528,952	654,185	28,843,011
Segment results	4,506,874	34,815	704,453	239,004	5,485,146

5 Revenue and segment information *(Continued)*

(b) Segment information *(Continued)*

The segment information provided to the CODM for the year ended 31 December 2021 is as follows *(Continued)*:

	Year ended 31 December 2021				
	Property management and related services other than Three Supplies and Property Management RMB'000	Three Supplies and Property Management RMB'000	City services business RMB'000	Commercial operational services RMB'000	Total RMB'000
Share of results of investments accounted for using the equity method	30,621	9,407	1,393	–	41,421
Depreciation and amortisation charges	715,636	68,285	232,194	89,026	1,105,141
Net impairment losses on financial and contract assets	181,030	3,116	1,746	2,384	188,276
Capital expenditure	147,955	151,428	230,697	1,238,488	1,768,568

	At 31 December 2021				
	Property management and related services other than Three Supplies and Property Management RMB'000	Three Supplies and Property Management RMB'000	City services business RMB'000	Commercial operational services RMB'000	Total RMB'000
Segment assets	50,423,411	2,720,253	4,158,159	1,541,095	58,842,918
Investments accounted for using the equity method	273,927	114,904	8,919	–	397,750
Segment liabilities	15,186,014	2,058,589	1,453,133	1,391,606	20,089,342

5 Revenue and segment information *(Continued)*

(b) Segment information *(Continued)*

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

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Segment results	**3,810,152**	5,485,146
Realised and unrealised (losses)/gains from financial assets at FVPL (note 7)	**(252,382)**	285,541
Finance costs — net	**(72,132)**	(97,848)
Profit before income tax	**3,485,638**	5,672,839

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

	At 31 December	
	2022	2021
	RMB'000	RMB'000
Segment assets	**64,747,749**	58,842,918
Deferred income tax assets	**314,715**	149,177
Financial assets at FVOCI	**4,151,610**	4,164,466
Financial assets at FVPL	**862,822**	3,656,197
Total assets	**70,076,896**	66,812,758

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

	At 31 December	
	2022	2021
	RMB'000	RMB'000
Segment liabilities	**25,113,247**	20,089,342
Convertible bonds	**—**	4,064,827
Deferred income tax liabilities	**2,104,015**	2,274,849
Current income tax liabilities	**697,069**	887,709
Bank and other borrowings	**2,253,565**	1,122,538
Total liabilities	**30,167,896**	28,439,265

6 Other income

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Government subsidy income	**349,611**	158,765
Dividend income from financial assets at FVOCI	**120,265**	—
Late payment charges	**67,802**	39,843
	537,678	198,608

7 Other (losses)/gains — net

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Net foreign exchange gains	**75,384**	144,909
Gains on disposals of property, plant and equipment (note 33(c))	**74,010**	34,574
Gains on disposals of investments accounted for using the equity method	**22,401**	—
Gains/(Losses) on early termination of lease contracts	**2,024**	(22)
Negative goodwill	**—**	5,236
Losses on disposals of subsidiaries (note 36)	**(84,955)**	(674)
Realised and unrealised (losses)/gains from financial assets at FVPL	**(252,382)**	285,541
Others	**49,360**	(17,618)
	(114,158)	451,946

8 Expenses by nature

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

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Employee benefit expenses (note 9)	**16,172,039**	10,397,050
Cleaning expenses	**6,144,222**	4,272,847
Maintenance expenses	**2,307,911**	1,674,680
Depreciation and amortisation charges	**1,868,820**	1,105,141
Utilities	**1,851,112**	1,047,031
Security expenses	**1,803,009**	974,376
Heat supply costs	**1,152,653**	973,448
Cost of sales of goods	**1,009,577**	384,613
Greening and gardening expenses	**779,868**	582,198
Net impairment losses on financial and contract assets	**679,180**	188,276
Rental expenses for short-term and low-value leases	**375,233**	175,263
Office and communication expenses	**335,183**	250,793
Travelling and entertainment expenses	**280,130**	217,421
Professional service fees	**247,341**	205,384
Sales service expenses	**213,871**	114,894
Transportation expenses	**200,780**	175,781
Other taxes and surcharges	**188,177**	128,367
Advertising and promotion costs	**127,722**	95,773
Construction costs for infrastructures under service concession arrangements	**121,874**	390,688
Cost of information technology services	**101,461**	111,677
Community activities expenses	**91,192**	68,263
Bank charges	**90,310**	62,302
Employee uniform expenses	**24,821**	25,218
Auditor's remuneration		
— Annual audit and interim review services	**14,150**	14,250
— Non audit services	**2,040**	2,189
— Tax consulting services	**1,200**	547
— Bond offering services	**150**	950
— Other services	**690**	692
Other expenses	**313,657**	126,376
	36,496,333	23,764,299

9 Employee benefit expenses

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Wages, salaries and bonuses	**14,039,077**	8,852,748
Housing funds, medical insurances and other social security costs	**826,383**	509,591
Pension costs	**641,720**	368,318
Employee share schemes — value of employee services	**55,464**	217,348
Other benefits	**609,395**	449,045
	16,172,039	10,397,050

9 Employee benefit expenses *(Continued)*

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 3 directors for the year ended 31 December 2022 (2021: 3 directors), whose emoluments are reflected in the analysis shown in note 40. The emoluments payable to the remaining 2 individuals (2021: 2 individuals) are as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Share-based compensation expenses	**5,410**	15,010
Wages, salaries and bonuses	**5,040**	5,040
Discretionary bonuses	**73**	70
	10,523	20,120

The emoluments fell within the following bands:

	Year ended 31 December	
	2022	2021
Emolument bands (in HKD)		
4,500,001—5,000,000	**—**	—
5,500,001—10,000,000	**2**	—
10,000,001—15,000,000	**—**	2
	2	2

10 Finance costs — net

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Finance income:		
Interest income on bank deposits	**142,695**	123,212
Finance costs:		
Interest expense on bank and other borrowings	**(70,482)**	(63,232)
Borrowing costs of convertible bonds	**(54,406)**	(115,870)
Interest expense on lease liabilities	**(89,939)**	(41,958)
	(214,827)	(221,060)
Finance costs — net	**(72,132)**	(97,848)

11 Income tax expense

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Current income tax — PRC		
— Provision for current income tax	**1,649,304**	1,453,651
Deferred income tax		
— Corporate income tax	**(481,763)**	(175,305)
— Withholding income tax on profits to be distributed in future	**56,761**	45,040
	(425,002)	(130,265)
	1,224,302	1,323,386

(a) Cayman Island income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(b) Hong Kong profits tax

No provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to Hong Kong profits tax during the year.

(c) PRC corporate income tax

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The general corporate income tax rate in PRC is 25%. Certain subsidiaries of the Group in the PRC are either located in western cities or autonomous regions or qualified as "High and New Technology Enterprise" or "Small and Micro Enterprises" subject to a preferential income tax rate of 15% or 10% in certain years.

(d) PRC withholding tax

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding income tax. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%. The Company and its intermediate subsidiaries incorporated in the BVI and Hong Kong have successfully obtained Hong Kong Tax Resident Identity certificates and the applicable withholding tax rate has been reduced to 5% accordingly in 2022 and 2021.

11 Income tax expense *(Continued)*

(e) The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the applicable corporate income tax rate of 25%. The difference is analysed as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Profit before income tax	**3,485,638**	5,672,839
Less: Share of results of investments accounted for using the equity method	**(34,425)**	(41,421)
	3,451,213	5,631,418
Tax calculated at applicable corporate income tax rate of 25% (2021: 25%)	**862,803**	1,407,855
Effects of different tax rates applicable to different subsidiaries of the Group	**(176,737)**	(194,946)
Income not subject to tax	**(19,844)**	(4,925)
Expenses not deductible for taxation purposes	**494,270**	68,144
Unrecognised tax losses	**5,981**	4,271
Effects of tax rate change on deferred tax	**1,068**	(2,053)
	1,167,541	1,278,346
Withholding income tax on profits to be distributed in future	**56,761**	45,040
	1,224,302	1,323,386

12 Earnings per share

(a) Basic

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

	Year ended 31 December	
	2022	2021
Profit attributable to the owners of the Company (RMB'000)	**1,943,422**	4,033,395
Weighted average number of ordinary shares in issue (thousands shares)	**3,369,141**	3,140,705
Basic earnings per share (RMB cents)	**57.68**	128.42

12 Earnings per share *(Continued)*

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has dilutive potential ordinary shares arising from the share option schemes (note 29) and convertible bonds. 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 year ended 31 December 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.

	Year ended 31 December	
	2022	2021
Profit attributable to the owners of the Company (RMB'000)	**1,943,422**	4,033,395
Weighted average number of ordinary shares in issue (thousands shares)	**3,369,141**	3,140,705
Adjustments — share option schemes (thousands shares)	**—**	10,029
Weighted average number of ordinary shares for diluted earnings per share (thousands shares)	**3,369,141**	3,150,734
Diluted earnings per share (RMB cents)	**57.68**	128.01

13 Dividends

The final dividend in respect of year ended 31 December 2021 of RMB29.95 cents (equivalent to HKD35.21 cents) per share, totalling RMB1,009,078,000, has been approved at the Annual General Meeting on 27 May 2022 and has been partly settled in new shares of the Company and partly paid in cash in August 2022. The number of ordinary shares settled and issued as scrip dividends was 5,566,033 and the total amount of dividend paid as scrip dividends was RMB147,860,000 while cash dividend amounted to RMB861,218,000.

The Board of Directors recommended the cash payment of a 2022 final dividend of RMB14.40 cents per share and a special dividend of RMB22.81 cents per share, totalling RMB1,255,460,000, which has taken into account the shares may be issued as of the record date. The Dividend Scheme is conditional upon the passing of the resolution relating to the payment of the final dividend at the forthcoming annual general meeting of the Company. These financial statements do not reflect this dividend payable.

14 Property, plant and equipment

	Machinery RMB'000	Transportation equipment RMB'000	Electronic equipment RMB'000	Office equipment RMB'000	Buildings RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January 2021								
Cost	226,276	801,313	139,301	81,086	92,464	196,057	43,747	1,580,244
Accumulated depreciation	(52,514)	(116,424)	(92,734)	(37,831)	(15,060)	–	(16,607)	(331,170)
Net book amount	173,762	684,889	46,567	43,255	77,404	196,057	27,140	1,249,074
Year ended 31 December 2021								
Opening net book amount	173,762	684,889	46,567	43,255	77,404	196,057	27,140	1,249,074
Transfer from construction in progress	75,022	–	–	–	36,480	(111,502)	–	–
Acquisition of subsidiaries	43,757	13,659	45,436	31,111	35,975	2,368	102,120	274,426
Other additions	39,703	185,039	24,116	15,672	12,313	4,770	81,728	363,341
Disposals	(37,740)	(70,033)	(9,272)	(1,297)	(5,192)	–	–	(123,534)
Depreciation	(38,253)	(212,837)	(34,753)	(27,899)	(5,108)	–	(49,163)	(368,013)
Transfer to investment properties	–	–	–	–	(29,718)	–	–	(29,718)
Closing net book amount	256,251	600,717	72,094	60,842	122,154	91,693	161,825	1,365,576
At 31 December 2021								
Cost	340,149	867,262	193,597	120,270	126,227	91,693	227,595	1,966,793
Accumulated depreciation	(83,898)	(266,545)	(121,503)	(59,428)	(4,073)	–	(65,770)	(601,217)
Net book amount	256,251	600,717	72,094	60,842	122,154	91,693	161,825	1,365,576
Year ended 31 December 2022								
Opening net book amount	**256,251**	**600,717**	**72,094**	**60,842**	**122,154**	**91,693**	**161,825**	**1,365,576**
Transfer from construction in progress	**21,463**	**–**	**–**	**–**	**9,199**	**(30,662)**	**–**	**–**
Acquisition of subsidiaries (note 37)	**839**	**1,349**	**4,730**	**1,118**	**–**	**–**	**2,056**	**10,092**
Other additions	**59,484**	**316,804**	**127,955**	**18,555**	**21,391**	**40,853**	**99,086**	**684,128**
Disposals of subsidiaries	**(138)**	**(410)**	**–**	**(809)**	**(1,579)**	**–**	**(690)**	**(3,626)**
Other disposals	**(50,318)**	**(55,286)**	**(17,889)**	**(7,320)**	**(17,581)**	**(2,406)**	**–**	**(150,800)**
Depreciation	**(58,525)**	**(136,615)**	**(90,425)**	**(22,796)**	**(6,393)**	**–**	**(113,099)**	**(427,853)**
Closing net book amount	**229,056**	**726,559**	**96,465**	**49,590**	**127,191**	**99,478**	**149,178**	**1,477,517**
At 31 December 2022								
Cost	**362,489**	**1,083,741**	**288,986**	**120,334**	**136,212**	**99,478**	**328,048**	**2,419,288**
Accumulated depreciation	**(133,433)**	**(357,182)**	**(192,521)**	**(70,744)**	**(9,021)**	**–**	**(178,870)**	**(941,771)**
Net book amount	**229,056**	**726,559**	**96,465**	**49,590**	**127,191**	**99,478**	**149,178**	**1,477,517**

As at 31 December 2022, transportation equipment with net book amount of RMB86,757,000 (2021: RMB97,055,000) were pledged as collateral for the Group's bank and other borrowings (note 32).

14 Property, plant and equipment *(Continued)*

Depreciation expenses were charged to the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Cost of sales	**359,573**	309,283
General and administrative expenses	**68,280**	58,730
	427,853	368,013

15 Leases

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the consolidated balance sheet

Apart from leased-in investment properties (note 16), the movement of other right-of-use assets is shown as follows:

Other right-of-use assets

	Buildings RMB'000	Transportation equipment RMB'000	Machinery RMB'000	Land use right RMB'000	Total RMB'000
Year ended 31 December 2022					
Opening net book amount	198,094	5,894	26	59,674	263,688
Acquisition of subsidiaries (note 37)	8,093	–	–	–	8,093
Other additions	111,293	2,368	6,540	3,111	123,312
Early termination of lease contracts	(17,158)	(5)	(18)	–	(17,181)
Depreciation	(157,541)	(1,684)	(2,368)	(1,930)	(163,523)
Closing net book amount	142,781	6,573	4,180	60,855	214,389
At 31 December 2022					
Cost	313,271	11,165	14,859	69,212	408,507
Accumulated depreciation	(170,490)	(4,592)	(10,679)	(8,357)	(194,118)
Net book amount	142,781	6,573	4,180	60,855	214,389

15 Leases *(Continued)*

(a) Amounts recognised in the consolidated balance sheet *(Continued)*

Other right-of-use assets *(Continued)*

	Buildings RMB'000	Transportation equipment RMB'000	Machinery RMB'000	Land use right RMB'000	Total RMB'000
Year ended 31 December 2021					
Opening net book amount	107,263	222	706	22,169	130,360
Acquisition of subsidiaries	28,548	–	–	–	28,548
Other additions	168,136	8,678	8,142	43,933	228,889
Early termination of lease contracts	(1,517)	–	–	–	(1,517)
Depreciation	(104,336)	(3,006)	(8,822)	(6,428)	(122,592)
Closing net book amount	198,094	5,894	26	59,674	263,688
At 31 December 2021					
Cost	317,799	9,224	9,053	66,101	402,177
Accumulated depreciation	(119,705)	(3,330)	(9,027)	(6,427)	(138,489)
Net book amount	198,094	5,894	26	59,674	263,688

The consolidated balance sheet shows the following amounts relating to lease liabilities:

Lease liabilities

	At 31 December	
	2022 RMB'000	2021 RMB'000
Current	**212,402**	209,006
Non-current	**2,053,781**	931,685
	2,266,183	1,140,691

15 Leases *(Continued)*

(b) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Depreciation charge of other right-of-use assets		
Buildings	**157,541**	104,336
Land use right	**1,930**	6,428
Machinery	**2,368**	8,822
Transportation equipment	**1,684**	3,006
	163,523	122,592
Expense relating to short-term leases (included in "Cost of sales" and "General and administrative expenses")	**288,929**	122,684
Interest expense (included in "Finance costs")	**89,939**	41,958
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in "General and administrative expenses")	**86,304**	52,579

The total cash outflow for leases in the year ended 31 December 2022 was RMB616,016,000 (2021: RMB380,522,000).

(c) The Group's leasing activities and how these are accounted for

The Group leases various buildings, transportation equipment and machinery. Rental contracts are typically made for fixed periods of 1 to 20 years without extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

16 Investment properties

	Land and buildings RMB'000	Right-of-use assets RMB'000	Total RMB'000
Year ended 31 December 2022			
Opening net book amount	64,543	871,539	936,082
Additions	6,344	1,164,136	1,170,480
Depreciation	(2,495)	(114,400)	(116,895)
Net book amount	68,392	1,921,275	1,989,667

(a) For the year ended 31 December 2022, the additions of right-of-use assets comprised of leases in commercial properties with lease term periods of 2-20 years.

(b) As at 31 December 2022, the fair values of the investment properties approximated to RMB3,166,938,000 (2021: RMB1,789,143,000).

(c) Fair value hierarchy

An independent valuation of the Group's investment properties was performed by the independent and professionally qualified valuer, to determine the fair value of the investment properties as at 31 December 2022.

As at 31 December 2022 as certain of significant inputs used in the determination of fair value of investment properties are arrived at by reference to certain significant unobservable market data, the fair value of all investment properties of the Group is included in level 3 of the fair value measurement hierarchy.

(d) Valuation processes of the Group

The Group's investment properties were valued as at 31 December 2022, by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent and professionally qualified valuer who hold recognised relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

Discussions of valuation processes and results are held between management and the valuers on an annual basis, in line with the Group's annual reporting date.

16 Investment properties *(Continued)*

(d) Valuation processes of the Group *(Continued)*

At each financial year end, the management:

— Verifies all major inputs to the independent valuation report;

— Assesses property valuation movements when compared to the prior year valuation report; and

— Holds discussions with the independent valuer.

(e) Valuation techniques

Investment properties comprise of right-of-use assets of commercial properties held under leases. Fair values of the investment properties are generally derived using the term and reversionary method. This method is based on the tenancy agreements as at the respective valuation dates. The rental income derived within the tenancy agreements are discounted by adopting term yields and the potential reversionary income are discounted by adopting appropriate reversionary yields for the period beyond the rental period in the tenancy agreements. Potential reversionary income and the reversionary yields are derived from analysis of prevailing market rents and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Income approach	Term yields	4.0%-6.5%	The higher the term yields, the lower the fair value
	Reversionary yields	4.5%-7.0%	The higher the reversionary yields, the lower the fair value
	Market rents (RMB/ square meter/month)	8-215	The higher the market rents, the higher the fair value

17 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)	Total RMB'000
At 1 January 2021								
Cost	88,842	1,581,329	28,663	193,400	94,584	1,986,818	4,364,483	6,351,301
Accumulated amortisation	(17,737)	(142,212)	(1,443)	(7,736)	(469)	(169,597)	–	(169,597)
Accumulated impairment	–	(2,861)	–	–	–	(2,861)	(2,570)	(5,431)
Net book amount	71,105	1,436,256	27,220	185,664	94,115	1,814,360	4,361,913	6,176,273
Year ended 31 December 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	83,547	5,198,856	–	1,876,155	–	7,158,558	14,932,793	22,091,351
Other additions	154,711	–	–	–	82,838	237,549	–	237,549
Amortisation	(22,993)	(409,688)	(2,475)	(100,208)	(10,722)	(546,086)	–	(546,086)
Disposals	–	(8,603)	–	–	–	(8,603)	(5,686)	(14,289)
Closing net book amount	286,370	6,216,821	24,745	1,961,611	166,231	8,655,778	19,289,020	27,944,798
At 31 December 2021								
Cost	327,100	6,770,885	28,663	2,069,555	177,422	9,373,625	19,291,590	28,665,215
Accumulated amortisation	(40,730)	(551,203)	(3,918)	(107,944)	(11,191)	(714,986)	–	(714,986)
Accumulated impairment	–	(2,861)	–	–	–	(2,861)	(2,570)	(5,431)
Net book amount	286,370	6,216,821	24,745	1,961,611	166,231	8,655,778	19,289,020	27,944,798
Year ended 31 December 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 37)	**401**	**188,684**	**–**	**96,887**	**–**	**285,972**	**586,226**	**872,198**
Other additions	**211,463**	**68,531**	**–**	**–**	**116,941**	**396,935**	**–**	**396,935**
Amortisation	**(80,115)**	**(815,393)**	**(2,474)**	**(242,579)**	**(19,988)**	**(1,160,549)**	**–**	**(1,160,549)**
Disposals of subsidiaries	**–**	**(81,883)**	**–**	**–**	**–**	**(81,883)**	**(238,391)**	**(320,274)**
Other disposals	**(9,332)**	**–**	**–**	**–**	**–**	**(9,332)**	**–**	**(9,332)**
Impairment	**–**	**–**	**–**	**(34,877)**	**–**	**(34,877)**	**(1,735,538)**	**(1,770,415)**
Closing net book amount	**408,787**	**5,576,760**	**22,271**	**1,781,042**	**263,184**	**8,052,044**	**17,901,317**	**25,953,361**
At 31 December 2022								
Cost	**528,642**	**6,938,827**	**28,663**	**2,166,442**	**294,363**	**9,956,937**	**19,639,425**	**29,596,362**
Accumulated amortisation	**(119,855)**	**(1,359,206)**	**(6,392)**	**(350,523)**	**(31,179)**	**(1,867,155)**	**–**	**(1,867,155)**
Accumulated impairment	**–**	**(2,861)**	**–**	**(34,877)**	**–**	**(37,738)**	**(1,738,108)**	**(1,775,846)**
Net book amount	**408,787**	**5,576,760**	**22,271**	**1,781,042**	**263,184**	**8,052,044**	**17,901,317**	**25,953,361**

17 Intangible assets *(Continued)*

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

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Cost of sales	**1,080,434**	523,093
General and administrative expenses	**80,115**	22,993
	1,160,549	546,086

(a) Contracts and customer relationships and brand

During the year ended 31 December 2022, the Group acquired several property management and other companies (note 37). Total identifiable net assets of these companies acquired as at 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 amounted to approximately RMB586,226,000 is recognised as goodwill.

Valuations were performed by an independent valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited to determine the fair value of the identified contracts and customer relationships. The valuation method used is the multi-period excess earnings method. The key assumptions in determining the fair value of contracts and customer relationships are disclosed as follows:

Gross profit margin	20.7%
EBITDA margin	17.1%
Post-tax discount rate	14.9%
Expected useful lives	6 years

Valuations were performed by an independent valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited to determine the fair value of the identified brand. The valuation method used is the relief-from-royalty method. The key assumptions in determining the fair value of the brand are disclosed as follows:

Revenue growth rate	3.0%
Royalty rate	2.5%
Post-tax discount rate	14.9%
Expected useful lives	10 years

17 Intangible assets *(Continued)*

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

Goodwill of RMB17,315,091,000 arising from business combinations in prior years has been allocated to the CGUs of subsidiaries acquired in prior years for impairment testing. Management performed an impairment assessment on the goodwill as at 31 December 2022. The goodwill (net book amount) is allocated in CGUs as follows.

	At 31 December	
	2022	2021
	RMB'000	RMB'000
Sichuan Justbon Life Services Group Co., Ltd. ("Justbon Services")	**3,588,309**	4,894,887
Wealth Best Global Holdings Group Company Limited ("Wealth Best Global")	**3,567,263**	3,567,263
Link Joy Holdings Group Co., Ltd. ("Link Joy")	**3,233,591**	3,233,591
Country Garden Manguo Environmental Technology Group Co., Ltd. ("Manguo")	**1,958,891**	1,958,891
Caixin Smart Life Services Group Limited ("Caixin Services")	**1,370,829**	1,815,389
Country Garden Life Services Group Company Limited. ("Life Services")	**1,189,736**	1,189,736
Wuhan Xueyu Yunhai Network Technology Co., Ltd. ("Wuhan Xueyu")	**—**	108,891
Others	**2,406,472**	2,520,372
	17,315,091	19,289,020

The recoverable amount of a CGU is determined based on the higher of value in use and the FVLCOD. As at 31 December 2022, management recalculated the recoverable amounts of all CGUs. The value-in-use results of CGUs other than Justbon Services, Caixin Services and Wuhan Xueyu CGUs were assessed to exceed their carrying amounts as at 31 December 2022.

As at 31 December 2022, according to the management's estimation of the recoverable amount of Justbon Services with the assistance of an independent valuer, which was calculated based on its value in use that was assessed to be higher than its FVLCOD, impairment of goodwill of approximately RMB1,182,086,000 was recognised for Justbon Services, resulting in a reduction in the carrying amount of the goodwill of Justbon Services to RMB3,588,309,000. As at 31 December 2022, according to the management's estimation of the recoverable amount of Caixin Services with the assistance of an independent valuer, which was calculated based on its value in use that was assessed to be higher than its FVLCOD, impairment of goodwill of approximately RMB444,561,000 were recognised for Caixin Services, resulting in a reduction in the carrying amount of the goodwill of Caixin Services to RMB1,370,829,000.

In the year ended 31 December 2022, management decided to withdraw from several property management subsidiaries and certain property management projects of Justbon Services and Caixin Services as the profit margin and property management fee collection rate of these companies and projects were less than expected. Also, due to the negative impact brought by the COVID-19 pandemic, additional pandemic prevention expenses were incurred and certain value-added services were difficult to conduct during the COVID-19 pandemic lockdown, which had a negative impact on the revenue and profit of Justbon Services and Caixin Services for the year ended 31 December 2022. In addition, the pre-tax discount rate used in the goodwill impairment test increased as a result of the increase of risk-free interest rate as well as the specific risk premium, leading to a further decrease of value in use of Justbon Services and Caixin Services as at 31 December 2022.

17 Intangible assets *(Continued)*

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

As at 31 December 2022, management reassessed the key assumptions for impairment testing of goodwill of Wuhan Xueyu and considered that the deterioration of its business performance would remain for a longer period of time. According to the management's estimation of the recoverable amount of Wuhan Xueyu, impairment of goodwill and brand of approximately RMB108,891,000 and RMB34,877,000 were recognised for Wuhan Xueyu, respectively, resulting in a reduction in the carrying amount of the goodwill and brand of Wuhan Xueyu to nil.

As at 31 December 2022, management reassessed the key assumptions for impairment testing of goodwill of the other CGUs. Based on the assessment, the Group considered that no additional impairment of goodwill was required.

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

	Justbon Services	Wealth Best Global	Link Joy	Manguo	Caixin Services	Life Services	Wuhan Xueyu	Others
2022								
Revenue growth rates during the projection period	**3.8%–7.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**NA**	**3.0%–50.0%**
Gross profit margins during the projection period	**31.2%**	**36.0%**	**32.7%**	**23.9%**	**24.6%**	**30.0%**	**NA**	**15.5%–46.9%**
EBITDA margins during the projection period	**21.6%**	**25.6%**	**23.9%**	**21.9%**	**18.1%**	**18.2%**	**NA**	**5.2%–33.5%**
Terminal growth rate	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**NA**	**3.0%**
Pre-tax discount rates	**15.8%**	**17.6%**	**17.7%**	**13.8%**	**15.9%**	**18.5%**	**NA**	**15.4%–20.8%**
2021								
Revenue growth rates during the projection period	9.0%	3.0%	3.0%	3.0%	10.0%	3.0%	3.0%–28.0%	3.0%–5.0%
Gross profit margins during the projection period	28.1%	32.5%	28.9%	24.0%	26.8%	33.4%	37.2%	14.1%–55.3%
EBITDA margins during the projection period	20.2%	19.4%	21.3%	22.0%–22.4%	19.3%	20.0%	21.8%	3.6%–30.1%
Terminal growth rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Pre-tax discount rates	14.8%	16.8%	16.5%	14.1%	15.3%	17.4%	19.5%	14.1%–28.0%

17 Intangible assets *(Continued)*

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

The recoverable amounts and the headrooms available (the excess of the recoverable amounts over the carrying amounts) of the CGU of Justbon Services, Wealth Best Global, Link Joy, Manguo, Caixin Services, Life Services and Wuhan Xueyu are as follows:

	At 31 December 2022							At 31 December 2021						
	Justbon Services RMB'000	Wealth Best Global RMB'000	Link Joy RMB'000	Manguo RMB'000	Caixin Services RMB'000	Life Services RMB'000	Wuhan Xueyu RMB'000	Justbon Services RMB'000	Wealth Best Global RMB'000	Link Joy RMB'000	Manguo RMB'000	Caixin Services RMB'000	Life Services RMB'000	Wuhan Xueyu RMB'000
Recoverable amount	6,960,668	6,556,733	6,147,173	4,888,882	1,944,476	42,231,056	-	9,286,034	5,554,593	4,371,733	4,523,274	2,573,233	36,267,812	251,138
Headroom	-	778,808	1,998,515	113,499	-	21,265,326	-	1,257,273	94,186	625,392	96,730	222,964	20,916,701	-

The recoverable amount of the CGU of Justbon Services, Wealth Best Global, Link Joy, Manguo, Caixin Services, Life Services and Wuhan Xueyu would equal its carrying amount if the key assumptions were to change as follows:

	At 31 December 2022													
	Justbon Services		Wealth Best Global		Link Joy		Manguo		Caixin Services		Life Services		Wuhan Xueyu	
	From	To	From	To	From	To	From	To	From	To	From	To	From	To
Revenue growth rates during the projection period	NA	NA	3.0%	-0.3%	3.0%	-6.8%	3.0%	2.9%	NA	NA	3.0%	NA	NA	NA
Gross profit margins during the projection period	NA	NA	36.0%	32.3%	32.7%	23.0%	23.9%	23.8%	NA	NA	30.0%	12.6%	NA	NA
EBITDA margins during the projection period	NA	NA	25.6%	22.0%	23.9%	14.4%	21.9%	17.4%	NA	NA	18.2%	1.3%	NA	NA
Terminal growth rate	NA	NA	3.0%	-0.3%	3.0%	-14.6%	3.0%	2.9%	NA	NA	3.0%	NA	NA	NA
Pre-tax discount rates	NA	NA	17.6%	19.9%	17.7%	26.9%	13.8%	13.8%	NA	NA	18.5%	NA	NA	NA

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

Goodwill of RMB586,226,000 has been allocated to the CGUs of the subsidiaries acquired during the current year for impairment testing. Management performed an impairment assessment on the goodwill prior to the year end. The recoverable amounts of these subsidiaries are determined based on higher of FVLCOD and value in use.

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	3.0%
Gross profit margin during the projection period	26.2%-45.3%
EBITDA margin during the projection period	18.6%-35.8%
Terminal growth rate	3.0%
Pre-tax discount rate	17.7%

Based on management's assessment on the recoverable amounts of the subsidiaries acquired during the year, no impairment provision was considered necessary to provide as at 31 December 2022.

17 Intangible assets *(Continued)*

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

	At 31 December 2022 RMB'000	2021 RMB'000
Property management and related services other than Three Supplies and Property Management business	**15,053,738**	16,441,441
Three Supplies and Property Management business	**3,465**	3,465
City services business	**2,365,273**	2,365,273
Commercial operational services business	**478,841**	478,841
	17,901,317	19,289,020

18 Subsidiaries

The following is a list of principal subsidiaries at 31 December 2022, all of these are limited liability companies:

Name	Date of incorporation	Nominal value of issued and fully paid share capital/paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Directly held by the Company:					
Incorporated in the BVI and operates in Mainland China:					
United Gain (集裕集團有限公司)	28 March 2006	USD200	100%	–	Investment holding
Ornate Forest (繁森有限公司)	07 July 2017	USD50,000	100%	–	Investment holding
Sino Estate Holdings Limited	06 November 2003	HKD780	100%	–	Investment holding
Link Joy (鄰里樂控股集團有限公司)	26 June 2015	USD1	100%	–	Investment holding
Indirectly held by the Company:					
Incorporated in Hong Kong and operates in Hong Kong:					
Country Garden Property Services HK Holdings Company Limited (碧桂園物業香港控股有限公司)	05 February 2018	HKD1	100%	–	Investment holding

18 Subsidiaries *(Continued)*

Name	Date of incorporation	Nominal value of issued and fully paid share capital/paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Established and operates in Mainland China:					
Life Services (碧桂園生活服務集團股份有限公司)	19 April 2004	RMB360,000,000	100%	–	Property management and related services
Country Garden City Light Intelligent Property Services Co., Ltd. (碧桂園城市之光智慧物業服務有限公司)	15 December 1998	RMB19,390,000	51%	49%	Property management and related services
Beijing Shengshi Property Services Company Limited (北京盛世物業服務有限公司)	24 April 1999	RMB7,000,000	100%	–	Property management and related services
Jiangxi Country Garden Jiejia Property Service Co., Ltd. (江西碧桂園潔佳物業服務有限公司)	18 February 1993	RMB10,000,000	100%	–	Property management and related services
Shanghai Ruijing Industrial Company Limited (上海睿靖實業有限公司)	15 January 2018	RMB26,620,000	100%	–	Property management and related services
Hainan Sailai Borui Property Services Company Limited (海南賽萊柏瑞物業服務有限公司)	12 April 2012	RMB5,000,000	100%	–	Property management and related services
Guangdong Country Garden Huimin Property Services Company Limited (廣東碧桂園惠民物業服務有限公司)	09 January 2017	RMB5,100,000	100%	–	Property management and related services
Xingong Xiamen Property Management Services Company Limited (新工（廈門）物業管理服務有限公司)	30 April 2003	RMB9,132,300	100%	–	Property management and related services
Suzhou Industrial Park CPG Facilities Management Co., Ltd. (蘇州碧桂園碧新物業管理服務有限公司)	14 December 2001	RMB5,000,000	100%	–	Property management and related services
Fenghuang Hui Information Technology Co., Ltd. (鳳凰匯信息科技有限公司)	18 January 2018	RMB30,580,000	64%	36%	E-commerce
Guangdong Bichuang Asset Operation Co., Ltd. (廣東碧創資產運營有限公司)	18 January 2004	RMB10,000,000	100%	–	Property management and related services

18 Subsidiaries *(Continued)*

Name	Date of incorporation	Nominal value of issued and fully paid share capital/paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Shanghai Lianyuan Property Development Company Limited (上海聯源物業發展有限公司)	20 November 1995	RMB10,000,000	100%	–	Property intermediary services
Inner Mongolia Renhe Services Company Limited (內蒙古仁和服務有限責任公司)	18 November 1999	RMB14,008,340	70%	30%	Property management and related services
Suzhou Wuyuan Property Management Company Limited (蘇州物源物業管理有限公司)	22 March 2007	RMB50,000,000	70%	30%	Property management and related services
Zhejiang Country Garden Bijia Property Service Co., Ltd. (浙江碧桂園碧嘉物業服務有限公司)	24 January 2002	RMB50,000,000	100%	–	Property management and related services
Shanghai Mingjun Property Management Company Limited (上海明君物業管理有限公司)	31 May 1996	RMB5,150,000	100%	–	Property management and related services
Ganglian Real Estate Services (China) Co., Ltd. (港聯不動產服務(中國)股份有限公司)	05 August 1999	RMB60,000,000	100%	–	Property management and related services
Baoshihua Home Investment Management Company Limited (寶石花家園投資管理有限公司)	12 September 2018	RMB400,000,000	80%	20%	Investment holding
Baoshihua Property Management Company Limited (寶石花物業管理有限公司)	26 October 2018	RMB295,639,561	51%	49%	Property management and related services
Baoshihua Tong Fang Energy Technology Company Limited (寶石花同方能源科技有限公司)	27 December 2018	RMB92,500,000	80%	20%	Property management, heat supply and related services
Baoshihua Heat Company Limited (寶石花熱力有限公司)	07 January 2019	RMB150,000,000	65%	35%	Heat supply services
Daqing Baoshihua Heat Company Limited (大慶寶石花熱力有限公司)	18 January 2019	RMB25,000,000	100%	–	Heat supply services
Fujian Dongfei Environment Group Co., Ltd. (福建東飛環境集團有限公司)	11 January 2013	RMB133,333,333	60%	40%	City services
Manguo (碧桂園滿國環境科技集團有限公司)	26 March 2015	RMB50,500,000	70%	30%	City services

18 Subsidiaries *(Continued)*

Name	Date of incorporation	Nominal value of issued and fully paid share capital/paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
City-Media (Shanghai) culture media Co., Ltd. (城市縱橫(上海)文化傳媒有限公司)	20 December 2010	RMB60,000,000	65%	35%	City media services
Shanghai Jinchen Property Management Co., Ltd. (上海金晨物業經營管理有限公司)	20 February 1998	RMB10,000,000	100%	–	Property management and related services
Guangdong Country Garden Life Service Co., Ltd. (廣東碧桂園生活服務有限公司)	20 December 2019	RMB50,000,000	100%	–	Property management and related services
Guangdong Lexiang Life Family Service Co., Ltd. (廣東樂享生活家庭服務有限公司)	30 April 2015	RMB10,000,000	100%	–	Property management and related services
Caixin Services (財信智慧生活服務集團有限公司)	01 November 2006	RMB200,000,000	100%	–	Property management and related services
Country Garden Services Business Management Holdings Limited (碧桂園服務商業管理控股有限公司)	13 July 2021	RMB0	100%	–	Investment holding
Guizhou Shunhui Business Management Co., Ltd. (貴州順暉商業管理有限公司)	29 January 2021	RMB10,000,000	100%	–	Commercial complex management services
Zhuhai Shunhui Business Management Co., Ltd. (珠海順暉商業管理有限公司)	22 January 2021	RMB10,000,000	100%	–	Commercial complex management services
Shenzhen Zehui Apartment Management Co., Ltd. (深圳澤暉公寓管理有限公司)	04 March 2021	RMB10,000,000	100%	–	Property intermediary services
Guiyang Southwest International Trade City Management Co., Ltd. (貴陽西南國際商貿城經營管理有限公司)	04 September 2012	RMB50,000,000	100%	–	Property management and related services
Hainan Dehui Technology Management Service Co., Ltd. (海南德暉科技管理服務有限公司)	23 April 2021	RMB10,000,000	100%	–	Information system integration services

18 Subsidiaries *(Continued)*

Name	Date of incorporation	Nominal value of issued and fully paid share capital/paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Guangdong Shunhui Business Management Co., Ltd. (廣東順暉商業管理有限公司)	20 January 2021	RMB25,500,000	85%	15%	Commercial complex management services
Foshan Dehui Business Management Co., Ltd. (佛山德暉商業管理有限公司)	08 March 2021	RMB1,000,000	100%	–	Commercial complex management services
Guangdong Zehui Housing Rental Development Investment Co., Ltd. (廣東澤暉住房租賃發展投資有限公司)	26 January 2021	RMB7,000,000	100%	–	Property intermediary services
Suzhou Xinbiyuan Business Management Co., Ltd. (蘇州新碧園商業管理有限公司)	01 August 2018	RMB3,000,000	100%	–	Property intermediary services and Commercial complex management services
Guangzhou Zhihui Business Management Co., Ltd. (廣州智暉商業管理有限公司)	26 February 2021	RMB1,000,000	100%	–	Commercial complex management services
Justbon Services (四川嘉寶生活服務集團股份有限公司)	07 December 2000	RMB178,102,160	99.71%	0.29%	Property management and related services
Chongqing Jiabao Management Consulting Co., Ltd. (重慶嘉寶管理顧問有限公司)	14 July 2008	RMB5,000,000	99.25%	0.75%	Property management and related services
Wealth Best Global (富良環球有限公司)	10 December 1998	USD1	100%	–	Property management and related services
Guangzhou Tianli Real Estate Development Co., Ltd. (廣州天力物業發展有限公司)	10 December 1997	RMB300,000,000	100%	–	Property management and related services
Guangzhou Fuxing Investment Consulting Co., Ltd. (廣州富星投資諮詢有限公司)	11 December 2019	RMB310,000,000	100%	–	Consulting services

18 Subsidiaries *(Continued)*

Name	Date of incorporation	Nominal value of issued and fully paid share capital/paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Guangzhou Fulin Commercial Operation Co., Ltd. (廣州富鄰商業運營有限公司)	15 June 2020	RMB20,000,000	100%	–	Commercial complex management services
Beijing Hengfu Property Service Co., Ltd. (北京恒富物業服務有限公司)	11 December 2022	RMB5,000,000	100%	–	Property management and related services
Guangdong Surplus Equity Investment Fund Management Co., Ltd. (廣東盈盛產業投資有限責任公司)	04 May 2015	RMB10,000,000	100%	–	Investment holding
Guangdong Fenghuangdaojia Vocational Skill Training School Co., Ltd. (廣東鳳凰到家職業技能培訓學校有限公司)	31 December 2019	RMB10,000,000	70%	30%	Skill training services
Wenjin International Insurance Broker Co., Ltd. (文津國際保險經紀有限公司)	08 November 2007	RMB50,000,000	100%	–	Insurance services
Guangdong Bi'An Security Service Co., Ltd. (廣東碧安保安服務有限公司)	19 June 2020	RMB10,000,000	100%	–	Security services
Guangdong Bi'An Electromechanical Engineering Co., Ltd. (廣東碧安機電工程有限公司)	09 May 2020	RMB10,000,000	100%	–	Construction and installation services
Tianjin TEDA City Investment Property Management Co., Ltd. (天津泰達城投物業管理有限公司)	24 February 2004	RMB11,260,000	70%	30%	Property intermediary services
Shenzhen Biguiyuan Shengfu Real Estate Management Co., Ltd. (深圳碧桂園盛孚物業管理有限公司)	16 August 1995	RMB15,000,000	100%	–	Property management and related services
Haikou Xinhuazhengda Airport Services Co., Ltd. (海口新華正達空港服務有限公司)	02 November 1994	RMB13,200,000	90%	10%	Property management and related services
Guangdong Meifang Zhigao Robot Co., Ltd. (廣東美房智高機器人有限公司)	18 January 2021	RMB20,000,000	100%	–	Science and technology promotion and application services

18 Subsidiaries *(Continued)*

Name	Date of incorporation	Nominal value of issued and fully paid share capital/paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Henan Guangxin Advertising Co., Ltd. (河南廣新廣告有限公司)	14 January 2005	RMB19,030,000	60%	40%	Advertising services
Anhui Chenghe Property Service Co., Ltd. (安徽誠和物業服務有限公司)	26 August 2008	RMB20,000,000	100%	–	Property management and related services
Shenzhen Country Garden Business Management Co., Ltd. (深圳碧桂園商業管理有限公司)	22 February 2016	RMB10,000,000	50%	50%	Property intermediary service and Commercial complex management services
Tianjin Blu Ray Quanwei Business Management Co., Ltd. (天津藍光全維商業管理有限公司)	19 October 2020	RMB10,000,000	100%	–	Commercial complex management services
Shenzhen Jiaxin Consulting Service Co., Ltd. (深圳市嘉信諮詢服務有限公司)	16 June 2016	RMB204,000,000	100%	–	Consulting services
Shenzhen Happy Vientiane Investment Partnership (Limited Partnership) (深圳市幸福萬象投資合夥企業（有限合夥）)	11 April 2014	RMB980,000,000	100%	–	Investment holding
Wanxiangmei Property Management Co., Ltd. (萬象美物業管理有限公司)	08 May 2015	RMB50,000,000	100%	–	Property management and related services
Shenzhen Kaiyuan International Real Estate Management Co., Ltd. (深圳市開元國際物業管理有限公司)	19 October 2000	RMB50,000,000	100%	–	Property management and related services
Chongqing Degu Trading Co., Ltd. (重慶得固商貿有限公司)	04 May 2014	RMB10,000,000	100%	–	Property intermediary services
Hainan Zhaonan Property Service Co., Ltd. (海南兆南物業服務有限公司)	07 June 2000	RMB15,000,000	70%	30%	Property management and related services
Shenzhen Gongyuan Property Management Co., Ltd. (深圳市公元物業管理有限公司)	22 December 2004	RMB20,000,000	70%	30%	Property management and related services
Longmen Junxi Investment Co., Ltd. (龍門縣駿熹投資有限公司)	09 August 2012	RMB10,000,000	100%	–	Investment holding

18 Subsidiaries *(Continued)*

Name	Date of incorporation	Nominal value of issued and fully paid share capital/paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Yangpu Chengyi Property Management Co., Ltd. (洋浦誠益物業管理有限公司)	25 April 2019	RMB500,000	100%	–	Property intermediary services
Beijing Guorui Real Estate Management Co., Ltd. (北京國瑞物業服務有限公司)	12 April 2002	RMB5,000,000	100%	–	Property management and related services
Wuhan Xueyu (武漢雪域雲海網絡科技有限公司)	18 October 2016	RMB3,736,100	51%	49%	Property intermediary services
Chengdu Dongjing Property Management Company Limited ("Chengdu Dongjing") (成都市東景物業管理有限公司)	15 October 2003	RMB5,500,000	100%	–	Property management and related services
Shanghai Zhongliang Property Development Co., Ltd. (上海中梁物業發展有限公司)	15 December 2016	RMB130,000,000	100%	–	Property management and related services
Shandong Zhongchen Property Development Co., Ltd. (山東中宸物業發展有限公司) ("Shandong Zhongchen")	30 June 2010	RMB5,000,000	100%	–	Property management and related services
Beijing Golden Roman Property Management Co., Ltd. (北京金羅馬物業管理有限公司) ("Beijing Golden Roman")	22 July 1996	RMB5,000,000	70%	30%	Property management and related services

The English names of the subsidiaries represent the best efforts made by the management of the Group in translating their Chinese names as they do not have official English names.

The above list included subsidiaries having material impact on the annual results or net assets of the Group.

The directors of the Company consider that none of the non-controlling interests of the individual subsidiaries was significant to the Group and thus the individual financial information of these subsidiaries was not disclosed in this section.

19 Investments accounted for using the equity method

	Year ended 31 December 2022 RMB'000	2021 RMB'000
At 1 January	**397,750**	312,220
Additions	**305,195**	8,573
Share of results	**34,425**	41,421
Acquisition of subsidiaries (note 37)	**1,605**	41,825
Disposals of subsidiaries	**(209)**	—
Dividends received	**(20,035)**	(6,289)
Disposals	**(73,916)**	—
At 31 December	**644,815**	397,750

The directors of the Company consider that none of these investments as at 31 December 2022 was significant to the Group and thus the individual financial information of the investments accounted for using the equity method was not disclosed.

20 Financial instruments by category

	At 31 December 2022 RMB'000	2021 RMB'000
Financial assets at amortised cost:		
Trade and other receivables excluding prepayments	**20,799,663**	14,477,250
Cash and cash equivalents	**11,215,770**	11,618,619
Restricted bank deposits	**161,002**	137,282
	32,176,435	26,233,151
Financial assets at FVPL	**862,822**	3,656,197
Financial assets at FVOCI	**4,151,610**	4,164,466
	37,190,867	34,053,814
Financial liabilities at amortised cost:		
Bank and other borrowings	**2,253,565**	1,122,538
Trade and other payables excluding contingent considerations and non-financial liabilities	**12,761,880**	11,033,181
Lease liabilities	**2,266,183**	1,140,691
Convertible bonds	**—**	4,064,827
	17,281,628	17,361,237
Financial liabilities at FVPL:		
Contingent considerations for business combinations	**269,361**	319,939
	17,550,989	17,681,176

21 Financial assets at fair value through other comprehensive income

	At 31 December 2022 RMB'000	2021 RMB'000
Listed equity securities	**29,225**	130,759
Unlisted equity investments	**4,122,385**	4,033,707
	4,151,610	4,164,466

The investments mainly represent equity investments in several property management companies. The fair values of these investments were determined mainly based on direct comparison approach by making reference to quoted market price or recent transaction prices of similar deals.

22 Contract assets

The Group has recognised the following assets related to contracts with customers:

	At 31 December 2022 RMB'000	2021 RMB'000
Contract assets	**427,725**	390,725

Pursuant to the service concession agreements for sewage and waste treatment, the Group receives no payment from the grantors during the construction period and receives service fees when relevant services are rendered during the operating periods. Upon the completion of construction, the balance of contract assets will transfer to concession intangible assets.

23 Trade and other receivables

	At 31 December 2022 RMB'000	2021 RMB'000
Current assets:		
Trade receivables (a)		
— Related parties (note 38(e))	**1,731,344**	882,225
— Third parties	**14,224,776**	9,686,278
	15,956,120	10,568,503
Less: allowance for impairment of trade receivables	**(597,998)**	(280,150)
	15,358,122	10,288,353
Other receivables		
— Payments on behalf of property owners	**766,890**	555,326
— Deposits	**1,079,519**	513,765
— Loans to third parties pledged by equities (b)	**2,693,660**	2,328,928
— Receivables from finance leases	**14,266**	–
— Others (c)	**974,680**	859,763
	5,529,015	4,257,782
Less: allowance for impairment of other receivables	**(334,077)**	(68,885)
	5,194,938	4,188,897
Prepayments to suppliers		
— Related parties (note 38(e))	**7,654**	5,309
— Third parties	**1,364,980**	973,604
	1,372,634	978,913
Prepayments for tax	**220,448**	121,721
	22,146,142	15,577,884
Non-current assets:		
Other receivables		
— Receivables from finance leases	**246,603**	—

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

23 Trade and other receivables *(Continued)*

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

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

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

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

	At 31 December	
	2022	2021
	RMB'000	RMB'000
0—180 days	**11,779,462**	7,746,716
181—365 days	**2,091,517**	1,577,206
1 to 2 years	**1,699,600**	1,069,344
2 to 3 years	**270,136**	104,944
Over 3 years	**115,405**	70,293
	15,956,120	10,568,503

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2022, a provision of RMB597,998,000 (2021: RMB280,150,000) was made against the gross amounts of trade receivables (note 3.1).

(b) The Group provided short-term loans to third parties pledged by equity interests of property management companies in the PRC held by the corresponding parties. The loans to third parties bear interest rate at 6% to 15% per annum. These loans have a term of 2 to 12 months. The reason for the Group to provide such loans to the third parties is for potential acquisitions of equity interests of property management companies.

(c) These receivables mainly included current accounts due from third parties, which are mainly interest-free, unsecured and repayable according to contract terms.

24 Financial assets at fair value through profit or loss

	At 31 December 2022 RMB'000	2021 RMB'000
Wealth management products (a)	**569,162**	3,100,853
Investment in a fund (b)	**293,660**	529,092
Listed equity security	**–**	26,252
	862,822	3,656,197

(a) The Group invested in various wealth management products. These products have a term of 3 to 5 years. They have an expected return rate ranging from 3.0% to 4.9%. The fair values of these investments were determined based on the expected returns as stipulated in relevant contracts with the counterparties.

(b) This represented the Group's investment in a fund. The fair value of this investment was determined based on the valuation report provided by the fund manager.

25 Cash and cash equivalents and restricted bank deposits

	At 31 December 2022 RMB'000	2021 RMB'000
Cash at banks (a)	**11,376,772**	11,755,901
Less: Restricted bank deposits (b)	**(161,002)**	(137,282)
Cash and cash equivalents	**11,215,770**	11,618,619

As at 31 December 2022, cash and cash equivalents did not include housing maintenance funds of RMB21,726,000 (2021: RMB14,850,000) which were owned by the property owners but were deposited in the bank accounts in the name of the Group. Such deposits can be used by the Group for the purpose of public maintenance expenditures upon the approval from the relevant government authorities.

(a) Cash at banks were denominated in the following currencies:

	At 31 December 2022 RMB'000	2021 RMB'000
RMB	**11,182,834**	5,741,171
HKD	**104,259**	5,962,307
Other currencies	**89,679**	52,423
	11,376,772	11,755,901

(b) Restricted bank deposits mainly represent the cash deposits in bank as performance security for property management services according to the requirements of local government authorities and the deposits made as performance security for certain contracts relating to the city services business.

26 Share capital and share premium

	Note	Number of shares	Nominal value of shares	Equivalent nominal value of shares RMB'000	Share premium RMB'000	Total RMB'000	Treasury Shares RMB'000	Total RMB'000
Authorised								
Increase in authorised share capital of USD0.0001 each		10,000,000,000	1,000,000					
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 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	–	8,361,602
Employee share scheme – exercise of options		58,545,400	5,854	36	971,059	971,095	–	971,095
Placing of shares		289,380,000	28,938	185	15,100,125	15,100,310	–	15,100,310
Issuance of shares as a result of scrip dividend		394,682	39	–	26,080	26,080	–	26,080
Buy-back of shares		–	–	–	–	–	(594,070)	(594,070)
Cancellation of shares		(12,282,000)	(1,228)	(8)	(594,062)	(594,070)	594,070	–
Conversion of convertible bonds		97,656,221	9,766	63	3,337,534	3,337,597	–	3,337,597
At 31 December 2021		3,366,067,903	336,606	2,151	27,200,463	27,202,614	–	27,202,614
At 1 January 2022		**3,366,067,903**	**336,606**	**2,151**	**27,200,463**	**27,202,614**	**–**	**27,202,614**
Employee share scheme – exercise of options	(a), 27	**2,451,000**	**245**	**2**	**2,642**	**2,644**	**–**	**2,644**
Issuance of shares as a result of scrip dividend (note 13)		**5,566,033**	**557**	**4**	**147,856**	**147,860**	**–**	**147,860**
Buy-back of shares	(b)	**–**	**–**	**–**	**–**	**–**	**(82,050)**	**(82,050)**
Cancellation of shares	(b)	**(3,140,000)**	**(314)**	**(2)**	**(82,048)**	**(82,050)**	**82,050**	**–**
Consideration issue	(c)	**2,182,454**	**218**	**2**	**58,844**	**58,846**	**–**	**58,846**
At 31 December 2022		**3,373,127,390**	**337,312**	**2,157**	**27,327,757**	**27,329,914**	**–**	**27,329,914**

(a) During the year ended 31 December 2022, the Company issued 2,451,000 shares as a result of the exercise of share options by 2 employees (note 29(a)), 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 year ended 31 December 2022, the Company bought back and cancelled a total of 3,140,000 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 RMB82,050,000, which has been deducted from equity attributable to the owners of the Company. The shares were acquired at a weighted average price of HKD31.66 per share, with prices ranging from HKD20.50 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 37).

27 Other reserves

	Statutory Reserves RMB'000	FVOCI reserve RMB'000	Currency translation reserve RMB'000	Share-based payments RMB'000	Others RMB'000	Total RMB'000
At 1 January 2021	283,722	–	(12,743)	239,402	406,970	917,351
Currency translation differences	–	–	(3,508)	–	–	(3,508)
Changes in fair value of financial assets at FVOCI	–	(64,462)	–	–	–	(64,462)
Transactions with non-controlling interests	–	–	–	–	(499,361)	(499,361)
Employees share schemes						
— value of employee services	–	–	–	217,348	–	217,348
— exercise of options	–	–	–	(165,661)	–	(165,661)
Equity component of convertible bonds	–	–	–	–	99,365	99,365
Conversion of convertible bonds	–	–	–	–	(133,925)	(133,925)
Transfer to statutory reserves	101,493	–	–	–	–	101,493
At 31 December 2021	385,215	(64,462)	(16,251)	291,089	(126,951)	468,640
At 1 January 2022	**385,215**	**(64,462)**	**(16,251)**	**291,089**	**(126,951)**	**468,640**
Currency translation differences	**–**	**–**	**(19,775)**	**–**	**–**	**(19,775)**
Changes in fair value of financial assets at FVOCI	**–**	**190,828**	**–**	**–**	**–**	**190,828**
Transactions with non-controlling interests (note 35)	**–**	**–**	**–**	**–**	**(17,835)**	**(17,835)**
Employees share schemes						
— value of employee services (note 9)	**–**	**–**	**–**	**55,464**	**–**	**55,464**
— exercise of options (note 26)	**–**	**–**	**–**	**(769)**	**–**	**(769)**
Disposals of financial assets at FVOCI	**–**	**(1,388)**	**–**	**–**	**–**	**(1,388)**
Transfer to statutory reserves (a)	**137,751**	**–**	**–**	**–**	**–**	**137,751**
At 31 December 2022	**522,966**	**124,978**	**(36,026)**	**345,784**	**(144,786)**	**812,916**

(a) Pursuant to the relevant rules and regulations governing foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, the subsidiaries are required to transfer certain portion of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their respective registered capital.

28 Retained earnings

	Year ended 31 December 2022 RMB'000	2021 RMB'000
At 1 January	**8,515,620**	5,286,787
Profit for the year	**1,943,422**	4,033,395
Disposals of financial assets at FVOCI	**1,388**	—
Transfer to statutory reserves (note 27)	**(137,751)**	(101,493)
Dividends (note 13)	**(1,009,078)**	(703,069)
At 31 December	**9,313,601**	8,515,620

29 Share-based payments

(a) In May 2018, the Company granted share options under the pre-listing share option scheme under which the option holders are entitled to acquire an aggregate of 132,948,000 shares of the Company. Pursuant to the terms of pre-listing share option scheme, the options granted are subject to certain performance conditions.

The options granted to the grantees will be vested based on the following rates on the date of the audit report of the Group for the relevant financial year, provided that the vesting conditions above are satisfied in the relevant financial year: (i) 40% of the total number of the share options will be vested in the financial year the Group successfully listing ("Listing Year"); (ii) 30% of the total number of the share options will be vested in the financial year immediately following the Listing Year; and (iii) 30% of the total number of the share options will be vested in the second financial year after the Listing Year. If the vesting conditions above have not been fulfilled during the relevant financial year, the corresponding percentage of the share options granted will lapse.

All the options under the pre-listing share option scheme should be exercisable after vesting but before the expiry of 5 years after the grant date at the exercise price of HKD0.94 per share.

Movements in the number of shares options outstanding are as follows:

	2022		2021	
	Average exercise price in HKD	**Number of share options**	Average exercise price in HKD	Number of share options
At 1 January	**0.94**	**2,451,000**	0.94	42,335,400
Exercised	**0.94**	**(2,451,000)**	0.94	(39,884,400)
At 31 December	**0.94**	**–**	0.94	2,451,000
Vested and exercisable at 31 December	**0.94**	**–**	0.94	—

29 Share-based payments *(Continued)*

(a) *(Continued)*

Share options outstanding at the end of the year have the following expiry date and exercise price:

Grant date	Expiry date	Exercise price	Share options outstanding 31 December 2022
21 May 2018	20 May 2023	HKD0.94	—

The weighted average remaining contractual life of options outstanding at the end of the year is approximately 0.4 years.

The Group has no legal or constructive obligation to repurchase or settle the share options in cash.

The Group has to estimate the expected percentage of grantees that will stay within the Group (the "Expected Retention Rate") of the shares option scheme in order to determine the amount of share-based compensation expenses charged to profit or loss. As at 31 December 2022, the Expected Retention Rate was assessed to be 100% (2021: 100%).

(b) In September 2020, the Company granted share options under the share option scheme under which the option holders are entitled to acquire an aggregate of 71,500,000 shares of the Company. Pursuant to the terms of the share option scheme, the options granted are subject to certain performance conditions.

The options granted to the grantees will be vested based on the following rates on the date of the audit report of the Group for the relevant financial year, provided that the vesting conditions above are satisfied in the relevant financial year: (i) 40% of the total number of the share options will be vested in the financial year in which the share options are granted (the "Grant Year"); (ii) 30% of the total number of the share options will be vested in the financial year immediately following the Grant Year; and (iii) 30% of the total number of the share options will be vested in the second financial year after the Grant Year. If the vesting conditions above have not been fulfilled during the relevant financial year, the corresponding percentage of the share options granted will lapse.

All the options under the share option scheme should be exercisable after vesting but before the expiry of 5 years after the grant date at the exercise price of HKD50.07 per share.

29 Share-based payments *(Continued)*

(b) *(Continued)*

Movements in the number of shares options outstanding are as follows:

	2022		2021	
	Average exercise price in HKD	**Number of share options**	Average exercise price in HKD	Number of share options
At 1 January	**50.07**	**51,679,000**	50.07	71,500,000
Exercised	**50.07**	**–**	50.07	(18,661,000)
Forfeited	**50.07**	**(3,113,000)**	50.07	(1,160,000)
At 31 December	**50.07**	**48,566,000**	50.07	51,679,000
Vested and exercisable at 31 December	**50.07**	**28,016,000**	50.07	8,979,000

Share options outstanding at the end of the year have the following expiry date and exercise price:

Grant date	Expiry date	Exercise price	Share options outstanding 31 December 2022
28 September 2020	27 September 2025	HKD50.07	28,016,000

The weighted average remaining contractual life of options outstanding at the end of period is approximately 2.8 years.

The Group has no legal or constructive obligation to repurchase or settle the share options in cash.

The Group has to estimate the expected percentage of grantees that will stay within the Group (the "Expected Retention Rate") of the shares option scheme in order to determine the amount of share-based compensation expenses charged to profit or loss. As at 31 December 2022, the Expected Retention Rate was assessed to be 92.7% (2021: 97.5%).

(c) In March 2021, the Company granted share options under the share option scheme under which the option holders are entitled to acquire an aggregate of 1,600,000 shares of the Company. Pursuant to the terms of the share option scheme, the options granted are subject to certain performance conditions.

The options granted to the grantees will be vested based on the following rates on the date of the audit report of the Group for the relevant financial year, provided that the vesting conditions above are satisfied in the relevant financial year: (i) 40% of the total number of the share options will be vested in the financial year in the Grant Year; (ii) 30% of the total number of the share options will be vested in the financial year immediately following the Grant Year; and (iii) 30% of the total number of the share options will be vested in the second financial year after the Grant Year. If the vesting conditions above have not been fulfilled during the relevant financial year, the corresponding percentage of the share options granted will lapse.

29 Share-based payments *(Continued)*

(c) *(Continued)*

All the options under the share option scheme should be exercisable after vesting but before the expiry of 5 years after the grant date at the exercise price of HKD72.40 per share.

In March 2022, the share options were cancelled and a total of 1,600,000 share options were granted to the eligible participants, served as replacement share options with the same vesting conditions. All the options regranted under the share option scheme should be exercisable after vesting but before the expiry of 5 years after the grant date in 2021 at the exercise price of HKD50.07 per share.

Movements in the number of shares options outstanding are as follows:

	2022		2021	
	Average exercise price in HKD	**Number of share options**	Average exercise price in HKD	Number of share options
At 1 January	**72.40**	**1,600,000**	—	—
Granted	**50.07**	**1,600,000**	72.40	1,600,000
Cancelled	**72.40**	**(1,600,000)**	—	—
At 31 December	**50.07**	**1,600,000**	72.40	1,600,000
Vested and exercisable at 31 December	**50.07**	**640,000**	72.40	—

Share options outstanding at the end of the year have the following expiry date and exercise price:

Grant date	Expiry date	Exercise price	Share options outstanding 31 December 2022
23 March 2022	29 March 2027	HKD50.07	640,000

The weighted average remaining contractual life of options outstanding at the end of the year is approximately 4.4 years.

The Group has no legal or constructive obligation to repurchase or settle the share options in cash.

The Group has to estimate the Expected Retention Rate of the shares option scheme in order to determine the amount of share-based compensation expenses charged to profit or loss. As at 31 December 2022, the Expected Retention Rate was assessed to be 100%.

29 Share-based payments *(Continued)*

(c) *(Continued)*

The fair value of share options granted is HKD2.41 (equivalent to RMB1.96) per option, which was determined using the Binomial Model by an independent appraiser based on significant unobservable inputs. These inputs include:

Description	Fair value of share options granted	Unobservable inputs	Range of unobservable inputs	Relationship of Unobservable inputs to fair value
Share options	HKD3,885,000 (equivalent to RMB3,131,000)	Suboptimal exercise factor	1	The higher the suboptimal exercise factor, the higher the fair value
		Volatility	30%	The higher the volatility, the higher the fair value
		Risk-free interest rate	2.1%	The higher the risk-free interest rate, the higher the fair value
		Dividend yield	1.0%	The lower the dividend yield, the higher the fair value

The fair value of share options is subject to a number of assumptions and the limitation of the model. There were no significant inter-relationships between unobservable inputs that materially affect fair values.

(d) In March 2022, the Company granted share options under the share option scheme under which the option holders are entitled to acquire an aggregate of 1,640,000 shares of the Company. Pursuant to the terms of the share option scheme, the options granted are subject to certain performance conditions.

The options granted to the grantees will be vested based on the following rates on the date of the audit report of the Group for the relevant financial year, provided that the vesting conditions above are satisfied in the relevant financial year: (i) 40% of the total number of the share options will be vested in the financial year in the Grant Year; (ii) 30% of the total number of the share options will be vested in the financial year immediately following the Grant Year; and (iii) 30% of the total number of the share options will be vested in the second financial year after the Grant Year. If the vesting conditions above have not been fulfilled during the relevant financial year, the corresponding percentage of the share options granted will lapse.

All the options under the share option scheme should be exercisable after vesting but before the expiry of 5 years after the grant date at the exercise price of HKD50.07 per share.

29 Share-based payments *(Continued)*

(d) *(Continued)*

Movements in the number of shares options outstanding are as follows:

	2022		2021	
	Average exercise price in HKD	Number of share options	Average exercise price in HKD	Number of share options
At 1 January	**—**	**—**	—	—
Granted	**50.07**	**1,640,000**	—	—
At 31 December	**50.07**	**1,640,000**	—	—
Vested and exercisable at 31 December	**50.07**	**—**	—	—

Share options outstanding at the end of the year have the following expiry date and exercise price:

Grant date	Expiry date	Exercise price	Share options outstanding 31 December 2022
23 March 2022	29 March 2027	HKD50.07	—

The weighted average remaining contractual life of options outstanding at the end of the year is approximately 4.4 years.

The Group has no legal or constructive obligation to repurchase or settle the share options in cash.

The Group has to estimate the Expected Retention Rate of the shares option scheme in order to determine the amount of share-based compensation expenses charged to profit or loss. As at 31 December 2022, the Expected Retention Rate was assessed to be 100%.

29 Share-based payments *(Continued)*

(d) *(Continued)*

The fair value of share options granted is HKD3.56 (equivalent to RMB2.49) per option, which was determined using the Binomial Model by an independent appraiser based on significant unobservable inputs. These inputs include:

Description	Fair value of share options granted	Unobservable inputs	Range of unobservable inputs	Relationship of Unobservable inputs to fair value
Share options	HKD5,018,000 (equivalent to RMB4,075,000)	Suboptimal exercise factor	1	The higher the suboptimal exercise factor, the higher the fair value
		Volatility	30%	The higher the volatility, the higher the fair value
		Risk-free interest rate	2.1%	The higher the risk-free interest rate, the higher the fair value
		Dividend yield	1.0%	The lower the dividend yield, the higher the fair value

The fair value of share options is subject to a number of assumptions and the limitation of the model. There were no significant inter-relationships between unobservable inputs that materially affect fair values.

30 Trade and other payables

	At 31 December 2022 RMB'000	2021 RMB'000
Trade payables		
— Related parties (note 38(e))	**84,072**	43,342
— Third parties	**5,892,499**	4,451,055
	5,976,571	4,494,397
Other payables		
— Deposits	**2,167,900**	1,785,935
— Temporary receipts from properties owners	**2,996,335**	2,992,989
— Considerations payable for business combinations	**325,800**	520,455
— Accruals and others	**1,295,274**	1,239,405
	6,785,309	6,538,784
Contingent considerations for business combinations	**269,361**	319,939
Payroll payables	**3,138,169**	2,551,125
Other taxes payables	**695,708**	508,696
	16,865,118	14,412,941

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

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

	At 31 December 2022 RMB'000	2021 RMB'000
Up to 1 year	**5,550,167**	4,375,113
1 to 2 years	**366,965**	96,322
2 to 3 years	**50,277**	16,735
Over 3 years	**9,162**	6,227
	5,976,571	4,494,397

31 Deferred income tax

The analysis of deferred income tax assets and deferred income tax liabilities was as follows:

	At 31 December 2022 RMB'000	2021 RMB'000
Deferred income tax assets:		
— to be recovered within 12 months	**244,755**	84,104
— to be recovered over 12 months	**87,890**	80,460
Total deferred tax assets	**332,645**	164,564
Set-off of deferred tax liabilities pursuant to set-off provisions	**(17,930)**	(15,387)
Net deferred tax assets	**314,715**	149,177
Deferred income tax liabilities:		
— to be recovered within 12 months	**309,221**	322,680
— to be recovered over 12 months	**1,812,724**	1,967,556
Total deferred tax liabilities	**2,121,945**	2,290,236
Set-off of deferred tax assets pursuant to set-off provisions	**(17,930)**	(15,387)
Net deferred tax liabilities	**2,104,015**	2,274,849

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, was as follows.

Deferred income tax assets:

	Allowance for impairment of receivables RMB'000	Tax losses RMB'000	Lease RMB'000	Fair value changes of financial assets RMB'000	Total RMB'000
At 1 January 2021	35,253	4,115	1,014	–	40,382
Acquisition of subsidiaries	–	35,106	–	–	35,106
Charged to other comprehensive income	–	–	–	12,738	12,738
Credited to profit or loss	51,089	17,064	8,185	–	76,338
At 31 December 2021	86,342	56,285	9,199	12,738	164,564
At 1 January 2022	**86,342**	**56,285**	**9,199**	**12,738**	**164,564**
Charged to other comprehensive income	**–**	**–**	**–**	**(12,738)**	**(12,738)**
Credited to profit or loss	**136,438**	**26,416**	**17,965**	**–**	**180,819**
At 31 December 2022	**222,780**	**82,701**	**27,164**	**–**	**332,645**

31 Deferred income tax *(Continued)*

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable. For the year ended 31 December 2022, the Group did not recognise deferred income tax assets in respect of losses amounting to RMB78,280,000 (2021: RMB118,129,000) that can be carried forward against future taxable income. Tax losses of group companies operated in the PRC could be carried forward for a maximum of five years. These tax losses will expire up to year 2027 (2021: 2026).

Deferred income tax liabilities:

	Differences on recognition of depreciation RMB'000	Fair value gain from business combination RMB'000	Withholding income tax on profits to be distributed in future RMB'000	Fair value changes of financial assets RMB'000	Contractual service concession arrangements RMB'000	Total RMB'000
At 1 January 2021	(2,425)	(409,760)	(56,991)	(43,125)	–	(512,301)
Acquisition of subsidiaries	–	(1,831,862)	–	–	–	(1,831,862)
(Charged)/credited to profit or loss	(261)	133,052	(45,040)	(21,123)	(12,701)	53,927
At 31 December 2021	(2,686)	(2,108,570)	(102,031)	(64,248)	(12,701)	(2,290,236)
At 1 January 2022	**(2,686)**	**(2,108,570)**	**(102,031)**	**(64,248)**	**(12,701)**	**(2,290,236)**
Disposals of subsidiaries	**–**	**20,471**	**–**	**–**	**–**	**20,471**
Acquisition of subsidiaries (note 37)	**–**	**(71,393)**	**–**	**–**	**–**	**(71,393)**
Charged to other comprehensive income	**–**	**–**	**–**	**(24,970)**	**–**	**(24,970)**
(Charged)/credited to profit or loss	**1,249**	**257,443**	**56,761**	**46,045**	**(3,793)**	**244,183**
At 31 December 2022	**(1,437)**	**(1,902,049)**	**(158,792)**	**(43,173)**	**(16,494)**	**(2,121,945)**

As at 31 December 2022, the retained earnings of the Group's PRC subsidiaries not yet remitted to holding companies incorporated outside PRC, for which no deferred income tax liability had been provided, were approximately RMB9,519,631,000 (2021: RMB7,034,117,000). Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to their overseas holding companies in the foreseeable future based on management's estimation of overseas funding requirements.

32 Bank and other borrowings

	At 31 December 2022 RMB'000	2021 RMB'000
Non-current liabilities:		
— secured	**1,015,814**	442,175
— unsecured	**115**	—
	1,015,929	442,175
Included in current liabilities:		
— secured	**1,234,636**	680,363
— unsecured	**3,000**	—
	1,237,636	680,363
Total bank and other borrowings	**2,253,565**	1,122,538

The Group's borrowings as at 31 December 2022 of RMB2,250,450,000 (2021: RMB1,122,538,000) were mainly secured by certain transportation equipment of the Group with net book amount of RMB86,757,000 (2021: RMB97,055,000) and pledged by rights of collection of several city service projects and certain equity interests of subsidiaries of the Group.

As at 31 December 2022, the Group's bank and other borrowings were repayable as follows:

	At 31 December 2022 RMB'000	2021 RMB'000
Within 1 year	**1,237,636**	680,363
Over 1 year and within 2 years	**84,133**	49,325
Over 2 years and within 5 years	**64,738**	29,800
Over 5 years	**867,058**	363,050
	2,253,565	1,122,538

The weighted average effective interest rate for the year ended 31 December 2022 was 4.88% (2021: 4.99%) per annum.

The carrying amounts of the bank and other borrowings are denominated in RMB.

The carrying amount of the current borrowings approximate their fair value, as the impact of discounting using a current borrowing rate is not significant.

33 Cash flow information

(a) Cash generated from operations

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Profit before income tax	**3,485,638**	5,672,839
Adjustments for		
— Depreciation of property, plant and equipment (note 14)	**427,853**	368,013
— Depreciation of other right-of-use assets (note 15)	**163,523**	122,592
— Depreciation of investment properties (note 16)	**116,895**	68,450
— Impairment of goodwill and other intangible assets (note 17)	**1,770,415**	—
— Amortisation of other intangible assets (note 17)	**1,160,549**	546,086
— Gains on disposals of plant, property and equipment (note 7)	**(74,010)**	(34,574)
— Gains on disposals of Investments accounted for using the equity method	**(22,401)**	—
— (Gains)/Losses on early termination of lease contracts (note 7)	**(2,024)**	22
— Realised and unrealised losses/(gains) from financial assets at FVPL (note 7)	**252,382**	(285,541)
— Employee share schemes — value of employee services (note 9)	**55,464**	217,348
— Share of results of investments accounted for using the equity method (note 19)	**(34,425)**	(41,421)
— Losses on disposals of subsidiaries (note 7)	**84,955**	674
— Finance costs — net (note 10)	**72,132**	97,848
— Gains arising from negative goodwill (note 7)	**—**	(5,236)
— Dividends received from financial assets at FVOCI	**(120,265)**	—
Changes in working capital (excluding the effects of acquisition and disposals of subsidiaries):		
— Restricted bank deposits	**(23,720)**	7,838
— Inventories	**(59,139)**	(52,609)
— Trade and other receivables	**(5,577,010)**	(2,534,978)
— Contract assets	**(153,941)**	(390,725)
— Contract liabilities	**1,110,054**	450,603
— Trade and other payables	**2,565,283**	547,498
Cash generated from operations	**5,198,208**	4,754,727

33 Cash flow information *(Continued)*

(b) Non-cash investing and financing activities

Significant non-cash investing and financing activities for the year end 31 December 2022 represented additions of right-of-use assets amounted to RMB1,287,448,000 (note 15 and note 16), transfer of financial assets at FVOCI to subsidiaries amounted to RMB202,292,000 (note 3.3.2), consideration shares issued for business combinations amounted to RMB58,846,000 (note 26), and addition of an investment accounted for using the equity method amounted to RMB136,222,000, which was settled by offsetting of the corresponding amount of loans to third parties pledged by equities.

(c) In the consolidated statements of cash flows, proceeds from disposals of property, plant and equipment comprise:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Net book amount (note 14)	**150,800**	123,534
Gains on disposals (note 7)	**74,010**	34,574
Proceeds from disposals	**224,810**	158,108

(d) Net cash reconciliation

This section sets out an analysis of net cash and the movements in net cash.

	Other assets	Liabilities from financing activities			
			Bank and		
		Lease	other	Convertible	
	Cash	liabilities	borrowings	bonds	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net cash at 1 January 2021	15,215,224	(111,870)	(609,399)	(3,202,538)	11,291,417
Cash flows	(3,387,438)	205,259	(423,739)	(4,114,311)	(7,720,229)
Acquisition of subsidiaries	–	(28,548)	(89,400)	–	(117,948)
Acquisition of new contracts	–	(1,165,069)	–	–	(1,165,069)
Interest expenses accrued	–	(41,958)	–	(115,870)	(157,828)
Early termination of contracts	–	1,495	–	–	1,495
Currency translation differences	(209,167)	–	–	64,854	(144,313)
Conversion of convertible bonds	–	–	–	3,203,673	3,203,673
Other non-cash movement	–	–	–	99,365	99,365
Net cash at 31 December 2021	11,618,619	(1,140,691)	(1,122,538)	(4,064,827)	5,290,563

33 Cash flow information *(Continued)*

(d) Net cash reconciliation *(Continued)*

	Other assets	Liabilities from financing activities			
	Cash RMB'000	Lease liabilities RMB'000	Bank and other borrowings RMB'000	Convertible bonds RMB'000	Total RMB'000
Net cash at 1 January 2022	11,618,619	(1,140,691)	(1,122,538)	(4,064,827)	5,290,563
Cash flows	(333,794)	240,783	(1,060,545)	4,279,781	3,126,225
Acquisition of subsidiaries (note 37)	–	(8,093)	–	–	(8,093)
Acquisition of new contracts	–	(1,287,448)	–	–	(1,287,448)
Interest expenses accrued	–	(89,939)	(70,482)	(54,406)	(214,827)
Early termination of contracts	–	19,205	–	–	19,205
Currency translation differences	(69,055)	–	–	(160,548)	(229,603)
Net cash at 31 December 2022	11,215,770	(2,266,183)	(2,253,565)	–	6,696,022

34 Commitments

Commitments for capital expenditures

	At 31 December	
	2022 RMB'000	2021 RMB'000
Contracted but not provided for:		
Property, plant and equipment	**55,536**	18,090
Intangible assets	**43,888**	28,160

35 Transactions with non-controlling interests

Acquisition of additional interests in subsidiaries

In March 2022, the Group acquired additional 10% equity interests in Shandong Zhongchen at a consideration of RMB6,565,000. In July 2022, the Group acquired additional 30% equity interests in Beijing Golden Roman at a consideration of RMB20,000,000. The Group acquired additional equity interests of certain subsidiaries from the respective non-controlling interests for a total consideration of RMB5,585,000. The effects of the acquisitions are summarised as follows:

	Year ended 31 December 2022 RMB'000
Cash considerations	
— Settled in 2022	11,844
— Outstanding as at 31 December 2022	20,306
	32,150
Carrying amount of non-controlling interests acquired	(14,315)
Difference recorded within equity	17,835

36 Disposals of subsidiaries

During the year, the Group disposed of interests in a number of subsidiaries to certain third parties. Details of the disposals are as follows:

	RMB'000
Disposal considerations	238,901
— Cash received	66,381
— Outstanding and included in other receivables	172,520
Less:	
— Total net assets of subsidiaries disposed of	(329,561)
— Non-controlling interests disposed of	5,705
Losses on disposals (note 7)	(84,955)
Cash proceeds from disposals, net of cash disposed of	
— Cash considerations received	66,381
— Less: cash and cash equivalents in the subsidiaries disposed of	(60,664)
Net cash inflow on disposals	5,717

37 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 in 2022	912,411	38,027	950,438
Outstanding as at 31 December 2022	—	3,227	3,227
— Consideration shares	58,846	—	58,846
— Estimated contingent considerations	35,422	3,035	38,457
Outstanding as at 31 December 2022	35,422	3,035	38,457
	1,006,679	44,289	1,050,968

37 Business combinations *(Continued)*

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

	Everjoy Services RMB'000	Others RMB'000	Total RMB'000
— Property, plant and equipment (note 14)	9,151	941	10,092
— Other right-of-use assets (note 15)	6,004	2,089	8,093
— Other intangible assets (note 17)	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 (note 19)	—	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
— Contract liabilities	(330,781)	(5,401)	(336,182)
— Lease liabilities	(6,004)	(2,089)	(8,093)
— Trade and other payables	(536,455)	(21,699)	(558,154)
— Current income tax liabilities	(35,466)	(1,507)	(36,973)
— Deferred income tax liabilities (note 31)	(71,393)	—	(71,393)
Total identifiable net assets	447,090	35,005	482,095
Non-controlling interests	(973)	(16,380)	(17,353)
Goodwill	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	912,411	38,027	950,438
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	642,944	(4,681)	638,263

(a) Other intangible assets including identified property management contracts and customer relationships and brand amounting to RMB285,571,000 in relation to the acquisitions have been recognised by the Group (note 17).

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

(c) The acquired businesses contributed total revenues of RMB876,025,000 and net profits of RMB90,699,000 to the Group for the period from their respective acquisition dates to 31 December 2022. Had these companies been consolidated from 1 January 2022, the consolidated statements of comprehensive income would show pro-forma revenue of RMB41,590,513,000 and net profit of RMB2,278,761,000.

38 Related party transactions

(a) Ultimate controlling shareholder

The Company is ultimately controlled by Ms. Yang Huiyan (the "Ultimate Controlling Shareholder").

(b) Transactions with related parties

The Group has entered into the following significant transactions with its related parties:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Provision of services		
— Entities controlled by the Ultimate Controlling Shareholder	**2,071,304**	2,048,723
— Entities jointly controlled by the Ultimate Controlling Shareholder	**270,397**	260,774
— Entities over which the Ultimate Controlling Shareholder has significant influence	**74,642**	53,889
	2,416,343	2,363,386
Purchase of goods and services		
— Entities controlled by the Ultimate Controlling Shareholder	**41,243**	47,878
— Entities jointly controlled by the Ultimate Controlling Shareholder	**404**	617
— Entities over which the Ultimate Controlling Shareholder has significant influence	**6,034**	352
— Entities controlled by the close relatives of the Ultimate Controlling Shareholder	**7,504**	10,947
	55,185	59,794
Acquisition of assets		
— Entities controlled by the Ultimate Controlling Shareholder	**21,744**	36,800
	21,744	36,800

38 Related party transactions *(Continued)*

(b) Transactions with related parties *(Continued)*

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Addition of investment properties		
— Entities controlled by the Ultimate Controlling Shareholder	**307,236**	548,339
— Entities jointly controlled by the Ultimate Controlling Shareholder	**172,324**	317,506
	479,560	865,845
Interest expenses on lease liabilities		
— Entities controlled by the Ultimate Controlling Shareholder	**36,897**	18,885
— Entities jointly controlled by the Ultimate Controlling Shareholder	**22,247**	11,330
	59,144	30,215
Repayment of lease liabilities		
— Entities controlled by the Ultimate Controlling Shareholder	**66,389**	37,503
— Entities jointly controlled by the Ultimate Controlling Shareholder	**50,538**	28,196
	116,927	65,699
Rental expenses		
— Entities controlled by the Ultimate Controlling Shareholder	**21,869**	—
— Entities jointly controlled by the Ultimate Controlling Shareholder	**433**	—
	22,302	—

The prices for the above service fees and goods were determined in accordance with the terms mutually agreed by the contract parties.

(c) Free trademark license agreement

A trademark licencing agreement was entered into between the Company and a subsidiary of Country Garden Holdings Company Limited ("CGH"), Foshan Shunde Country Garden Property Development Company Limited ("佛山市順德區碧桂園物業發展有限公司") ("Foshan Shunde") and a deed of trademark licencing was entered into between the Company and CGH (the "Trademark Licencing Arrangement"). Pursuant to the Trademark Licencing Arrangement, Foshan Shunde agreed and CGH would procure Foshan Shunde to irrevocably and unconditionally grant to the Group a non-transferable licence to use several trademarks registered in the PRC and Hong Kong for a perpetual term commencing from the date of the Trademark Licencing Agreement and the deed of trademark licencing, which are subject to the renewal of the licenced trademarks, on a royalty-free basis.

38 Related party transactions *(Continued)*

(d) Key management compensation

Key management includes directors and senior management. Compensations for key management are set out below:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Salaries and other short-term employee benefits	**20,596**	22,610
Share-based payments	**28,772**	85,291
Fees	**900**	600
Contribution to retirement benefits and other social insurances	**336**	313
	50,604	108,814

(e) Balances with related parties

	At 31 December	
	2022	2021
	RMB'000	RMB'000
Receivables from related parties		
Trade receivables		
— Entities controlled by the Ultimate Controlling Shareholder	**1,416,563**	642,628
— Entities jointly controlled by the Ultimate Controlling Shareholder	**240,719**	192,327
— Entities over which the Ultimate Controlling Shareholder has significant influence	**70,936**	42,702
— Entities controlled by the close relatives of the Ultimate Controlling Shareholder	**3,126**	4,568
	1,731,344	882,225
Prepayments		
— Entities controlled by the Ultimate Controlling Shareholder	**3,435**	1,815
— Entities jointly controlled by the Ultimate Controlling Shareholder	**1,018**	494
— Entities over which the Ultimate Controlling Shareholder has significant influence	**3,201**	3,000
	7,654	5,309

38 Related party transactions *(Continued)*

(e) Balances with related parties *(Continued)*

	At 31 December 2022 RMB'000	2021 RMB'000
Payables to related parties		
Trade payables		
— Entities controlled by the Ultimate Controlling Shareholder	**69,841**	22,124
— Entities jointly controlled by the Ultimate Controlling Shareholder	**13,674**	15,042
— Entities over which the Ultimate Controlling Shareholder has significant influence	**232**	233
— Entities controlled by close relatives of the Ultimate Controlling Shareholder	**325**	5,943
	84,072	43,342
Contract liabilities		
— Entities controlled by the Ultimate Controlling Shareholder	**56**	242
— Entities jointly controlled by the Ultimate Controlling Shareholder	**49,512**	44,186
— Entities over which the Ultimate Controlling Shareholder has significant influence	**28,127**	15,044
— Entities controlled by the close relatives of the Ultimate Controlling Shareholder	**2**	42
	77,697	59,514

39 Balance sheet and reserve movement of the Company

	Note	At 31 December 2022 RMB'000	2021 RMB'000
Assets			
Non-current assets			
Investments in subsidiaries		**299,334**	243,870
Property, plant and equipment		**22**	29
Other receivables		**26,715,295**	23,580,885
		27,014,651	23,824,784
Current assets			
Cash and cash equivalents		**14,308**	1,776,289
Dividends receivable		**3,751,810**	2,616,590
Other receivables		**512**	113
		3,766,630	4,392,992
Total assets		**30,781,281**	28,217,776
Equity			
Share capital and share premium		**27,086,215**	26,959,684
Other reserves		**298,393**	242,930
Retained earnings		**3,390,478**	1,009,206
Total equity		**30,775,086**	28,211,820
Liabilities			
Current liabilities			
Other payables		**6,195**	5,956
Total liabilities		**6,195**	5,956
Total equity and liabilities		**30,781,281**	28,217,776

The balance sheet of the Company was approved by the Board of Directors on 29 March 2023 and was signed on its behalf.

Li Changjiang	**Guo Zhanjun**
Director	Director

39 Balance sheet and reserve movement of the Company *(Continued)*

Movement of retained earnings of the Company

	Retained earnings RMB'000	Other reserves RMB'000
At 1 January 2021	678,657	77,269
Profit for the year	1,033,618	—
Dividends	(703,069)	—
Issue of shares under employee scheme	—	165,661
At 31 December 2021	1,009,206	242,930
At 1 January 2022	**1,009,206**	**242,930**
Profit for the year	**3,390,351**	**—**
Dividends	**(1,009,079)**	**—**
Issue of shares under employee scheme	**—**	**55,463**
At 31 December 2022	**3,390,478**	**298,393**

40 Directors' benefits and interests

Chairman and Non-executive Director

Ms. Yang Huiyan (note (a))

Executive Directors

Mr. Li Changjiang, President
Mr. Xiao Hua
Mr. Guo Zhanjun

Non-executive directors

Mr. Yang Zhicheng (note (a))
Ms. Wu Bijun (note (a))

Independent non-executive directors

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

40 Directors' benefits and interests *(Continued)*

(a) Directors' emoluments

The directors received emoluments from the Group for the year ended 31 December 2022 as follows:

Name	Fees RMB'000	Salary RMB'000	Contributions to retirement benefits and other social security costs RMB'000	Employee share schemes — value of employee services RMB'000
Executive directors				
Mr. Li Changjiang	–	6,510	42	8,607
Mr. Xiao Hua	–	2,030	34	2,705
Mr. Guo Zhanjun	–	1,750	59	2,459
Non-executive directors				
Mr. Yang Zhicheng	–	–	–	4,918
Independent non-executive directors				
Mr. Mei Wenyu	300	–	–	–
Mr. Chen Weiru	300	–	–	–
Mr. Rui Meng	300	–	–	–
	900	10,290	135	18,689

The directors received emoluments from the Group for the year ended 31 December 2021 as follows:

Name	Fees RMB'000	Salary RMB'000	Contributions to retirement benefits and other social security costs RMB'000	Employee share schemes — value of employee services RMB'000
Executive directors				
Mr. Li Changjiang	–	6,510	38	23,293
Mr. Xiao Hua	–	2,030	31	7,321
Mr. Guo Zhanjun	–	1,750	40	6,655
Non-executive directors				
Mr. Yang Zhicheng	–	–	–	13,311
Independent non-executive directors				
Mr. Mei Wenyu	200	–	–	–
Mr. Chen Weiru	200	–	–	–
Mr. Rui Meng	200	–	–	–
	600	10,290	109	50,580

40 Directors' benefits and interests *(Continued)*

(a) Directors' emoluments *(Continued)*

The non-executive directors, Ms. Yang Huiyan, Mr. Yang Zhicheng and Ms. Wu Bijun did not receive any emoluments from the Group during the years ended 31 December 2022 and 2021. Ms. Yang Huiyan, Mr. Yang Zhicheng and Ms. Wu Bijun have respectively made arrangements with the Company under which they have waived or agreed to waive their emoluments. There was no compensation paid during the year or receivable by Mr. Yang Zhicheng and Ms. Wu Bijun for the loss of office as a director of the Group or any other office in connection with the management of the affairs of any member of the Group.

(b) Directors' retirement benefits

There were no retirement benefits paid to or receivable by directors during the year by defined benefit pension plans operated by the Group (2021: nil).

(c) Directors' termination benefits

There were no director's termination benefits subsisted during the year (2021: nil).

(d) Consideration provided to third parties for making available directors' services

There was no consideration provided to third parties for making available directors' services subsisted during the year (2021: nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors subsisted during the year (2021: nil).

(f) Directors' material interests in transactions, arrangements or contracts

The Chairman and non-executive director, Ms. Yang Huiyan, is an executive director of CGH. The Group's transactions with CGH and its related entities are set out in note 38.

Save for the aforementioned transactions, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2021: nil).

41 Financial Guarantee

Caixin Services, a subsidiary of the Company, was acquired by the Group from its original shareholder, Chongqing Caixin Group Co., Ltd. ("Caixin Group"), on 30 September 2021 (the "Acquisition Date"). In late August 2022, certain bank accounts of Caixin Services were frozen judicially, in light of the fact that Caixin Services provided joint and several guarantee to a trust financing arrangement of Caixin Group prior to the Acquisition Date. The Company was informed by Caixin Group and validated the existence of this obligation after the incident happened.

According to information subsequently obtained, in addition to the pledge of the equity interest of a subsidiary held by Caixin Group, the debts were also secured by another eight guarantors, including: (1) one guarantor providing guarantees by way of asset pledge; and (2) the other seven entities (including Caixin Services) providing joint and several guarantee obligations. As at 31 December 2022, the guarantee amount in relation to the debts was approximately RMB770 million.

Management of the Company represents that: (1) the Caixin Group confirms that, apart from this, Caixin Services provided no other external guarantee prior to the acquisition date; (2) the normal operation of Caixin Services has not been materially and adversely affected; (3) since the engagement with and acquisition of Caixin Services by the Group, Caixin Group has disclosed and undertaken that the guarantee did not exist during the course of due diligence and negotiation of the acquisition agreement, which, at present, is in violation of the relevant covenants and undertakings under the acquisition agreement; (4) the Company has actively taken legal proceedings, to protect the Company's legitimate rights and interests. As at 31 December 2022, the amount of restricted bank deposits in the frozen bank accounts of Caixin Services was RMB5,385,000. As at 31 December 2022, the Group has assessed that the expected credit losses for the financial guarantee and accordingly made a provision of RMB6,598,000. When estimating the expected credit losses of the financial guarantee, management applied estimation under various scenarios of repayment orders after taking into account lawyer's opinion.

"2023 AGM"	the annual general meeting of the Company to be held on Thursday, 25 May 2023
"Board"	the board of Directors
"Bright Scholar"	Bright Scholar Education Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed in the form of American Depository Shares representing Class A ordinary shares on the New York Stock Exchange (NYSE ticker: BEDU)
"Bright Scholar Group"	Bright Scholar, its subsidiaries and its variable interest entities and its 30% controlled companies
"CG Holdings" or "CGH"	Country Garden Holdings Company Limited (碧桂園控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2007)
"CG Life Services"	Country Garden Life Services Group Co., Ltd.* (碧桂園生活服務集團股份有限公司), formerly known as Guangdong Country Garden Property Services Co. Ltd* (廣東碧桂園物業服務股份有限公司) and subsequently known as Country Garden Intelligent Services Group Co., Ltd.* (碧桂園智慧物業服務集團股份有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
"CG Property Services HK"	Country Garden Property Services HK Holdings Company Limited (碧桂園物業香港控股有限公司), a company established under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of the Company
"CGH Group"	CG Holdings and its subsidiaries
"Chairman"	the Chairman of the Board
"China Index Academy"	China Index Academy (中國指數研究院), an independent global market research and consulting company, which was established in 1994 in the PRC
"Company" or "CG Service"	Country Garden Services Holdings Company Limited (碧桂園服務控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6098)
"Concrete Win"	Concrete Win Limited, a limited liability company incorporated in the BVI on 7 April 2006, one of our Controlling Shareholders and is beneficially wholly-owned by Ms. Yang Huiyan
"Corporate Governance Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules (as effective during the Year)
"Deed of Non-competition"	the deed of non-competition dated 29 May 2018 entered into by Ms. Yang Huiyan in favour of the Company
"Directors"	the directors of the Company
"Eligible Shareholders"	the Shareholders whose names appear on the register of members of the Company on Wednesday, 7 June 2023

"Fortune Warrior"	Fortune Warrior Global Limited, a limited liability company incorporated in the BVI on 25 April 2019, one of our Controlling Shareholders and is beneficially wholly-owned by Ms. Yang Huiyan
"Group" or "We" or "CG Services Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Date"	19 June 2018, the date on which the Shares are first listed and from which dealings in the Shares first commence on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"PRC"	the People's Republic of China
"Pre-Listing Share Option Scheme"	a pre-listing share option scheme adopted by the then shareholders of the Company on 13 March 2018, which was subsequently amended by a resolution passed at the extraordinary general meeting held on 7 November 2019
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share"	ordinary share(s) with a par value of US$0.0001 each in the issued share capital of the Company
"Share Option Scheme"	the share option scheme adopted by the Company on 28 September 2020
"Shunbi Property"	Foshan Shunde Country Garden Property Development Company Limited* (佛山市順德區碧桂園物業發展有限公司), a limited liability company established in the PRC on 2 April 1997 and an indirect wholly-owned subsidiary of CGH
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"The Year"	The year ended 31 December 2022
"Three Supplies and Property Management"	water, electricity, heat supply and property management
"United Gain"	United Gain Group Ltd. (集裕集團有限公司), a company established under the laws of the BVI with limited liability and a wholly-owned subsidiary of the Company
"YIHAN"	EH Consulting (億翰智庫), a consulting firm specializing in the PRC real estate industry and listed on the National Equities Exchange and Quotations (stock code: 837350)
"%"	per cent

* For identification purpose only

服務成就美好生活

Serving you a better life