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)

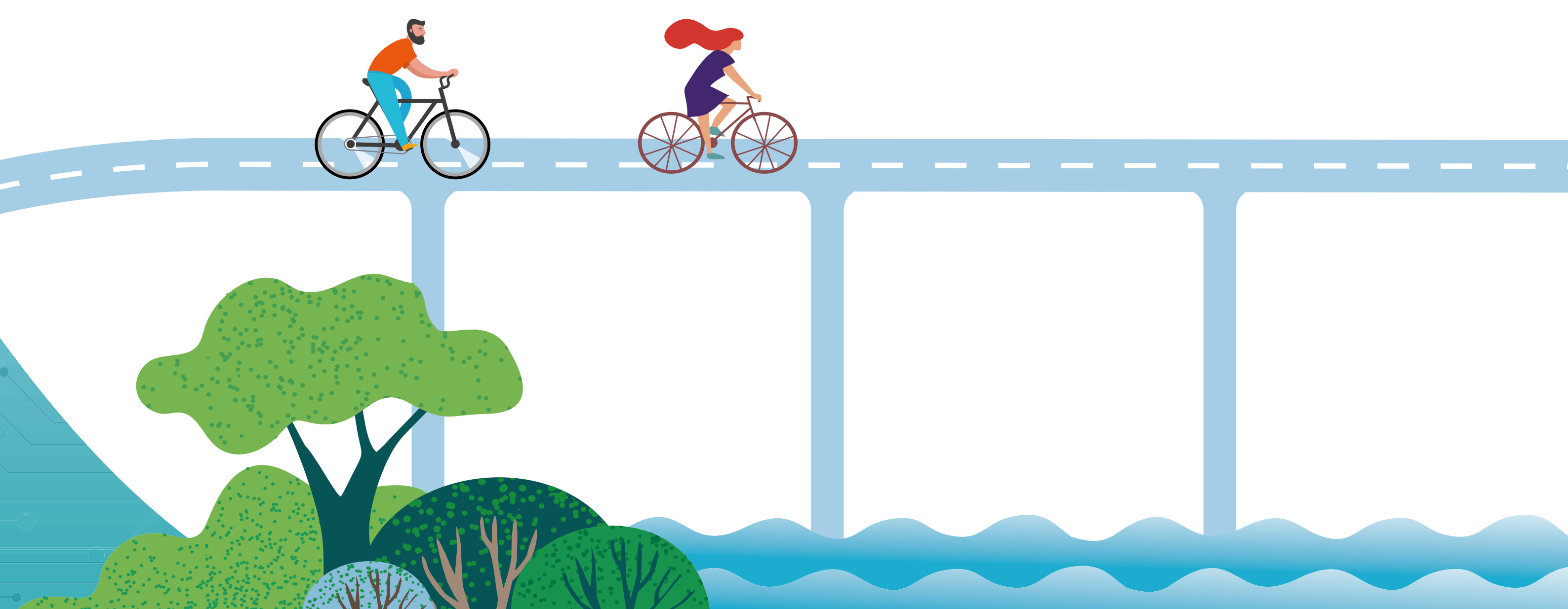
Stock Code: 6098

Serving you a better life

服務成就美好生活

ANNUAL REPORT 2023

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 2023" (2023年中國物業服務百強企業) and "2023 Leading Property Management Companies in China in terms of Technology Empowerment" (2023年中國物業科技賦能領先企業) granted by China Index Academy; "2023 Model Property Management Companies in China in terms of Customer Satisfaction Rate" (2023年中國物業客戶滿意度模範企業) granted by YIHAN (億翰智庫); and "2023 Leading Property Management Companies in China in terms of Value-added Service Operation" (2023年中國物業增值服務運營領先企業) and "2023 Leading Property Management Companies in China in terms of City Services" (2023年中國物業城市服務領先企業) granted by CRIC Property Management.

Founded in 1992, the Group achieved 32 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 management 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 2023, apart from the "Three Supplies and Property Management" businesses, our contracted gross floor area ("GFA") and revenue-bearing GFA were approximately 1,633.0 million sq.m. and approximately 956.9 million sq.m., respectively. In addition, as at 31 December 2023, the contracted GFA and revenue-bearing GFA of the property management services of the "Three Supplies and Property Management" businesses were approximately 93.4 million sq.m. and approximately 88.6 million sq.m., respectively. We managed a total of 7,345 property projects covering 31 provinces, municipalities, autonomous regions and the Hong Kong Special Administrative Region in China and overseas markets.

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 projects. 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 living 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 living 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 our 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 and public services in the PRC. We adhere to our strategy of focusing on new urbanization. With "improving services and environment to benefit business and people" as core value, we promote high-quality development of cities through its three core businesses, being city public service, city resource management and city digital services. The "City Co-existence Programme" is a city service product launched by the Group by leveraging its development and over 30 years of experience in providing new city services and combining its whole industrial chain advantage, with the core philosophy of "Making cities better with our services", driven by market demand and core technologies and on the basis of sharing ecological partners and resource platforms. Under the programme, the Group strives to achieve the balance among maximizing economic, social and environmental benefits, while maintaining the balance between the comprehensive and long-term benefits of city services and public services.

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 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 Index as a constituent stock on 7 June 2021. Our ESG performance continues to be recognized by the globally renowned ESG rating agencies, receiving a rating of BBB in the MSCI ESG ratings assessment; the Company was rated as "low-risk" by the Sustainalytics ESG Risk Ratings (with a score of 11.5 and ranked 590th out of the 15,974 rated companies internationally) and was honored as the enterprise with the "Highest Regional (Asia Pacific) ESG Rating" in 2023; was rated 46 on the S&P Global ESG Scores, outperforming 85% of its global peer group; and was selected as a constituent stock of FTSE4Good Index Series by FTSE Russell in December 2022 and has maintained such rating since then.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Xu Binhuai *(President) (appointed on 10 October 2023)*
Mr. Xiao Hua
Mr. Li Changjiang *(resigned on 10 October 2023)*
Mr. Guo Zhanjun *(resigned on 3 April 2024)*

Non-executive Director

Ms. Yang Huiyan *(Chairman)*

Independent Non-executive Directors

Mr. Mei Wenjue
Mr. Rui Meng
Mr. Chen Weiru
Mr. Zhao Jun *(appointed on 3 April 2024)*

AUDIT COMMITTEE

Mr. Rui Meng *(Chairman)*
Mr. Mei Wenjue
Mr. Chen Weiru
Mr. Zhao Jun *(appointed on 3 April 2024)*

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Ms. Yang Huiyan *(Chairman)*
Mr. Rui Meng
Mr. Chen Weiru
Mr. Zhao Jun *(appointed on 3 April 2024)*

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Xu Binhuai *(Chairman) (appointed on 10 October 2023)*
Mr. Xiao Hua
Ms. Yang Huiyan *(appointed on 3 April 2024)*
Mr. Chen Weiru *(appointed on 3 April 2024)*
Mr. Zhao Jun *(appointed on 3 April 2024)*
Mr. Li Changjiang *(resigned on 10 October 2023)*
Mr. Guo Zhanjun *(resigned on 3 April 2024)*

JOINT COMPANY SECRETARIES

Mr. Chen Dilin *(appointed on 3 April 2024)*
Mr. Leung Chong Shun *(Solicitor in Hong Kong)*
Mr. Huang Peng *(resigned on 3 April 2024)*

AUTHORISED REPRESENTATIVES

Mr. Xu Binhuai *(appointed on 10 October 2023)*
Mr. Chen Dilin *(appointed on 3 April 2024)*
Mr. LI Changjiang *(resigned on 10 October 2023)*
Mr. Huang Peng *(resigned on 3 April 2024)*

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

AUDITORS

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

DENTONS HONG KONG LLP
Suite 3201, 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

Bank of China (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited
The Hongkong and Shanghai Banking Corporation Limited

COMPANY WEBSITE

www.bgyfw.com

STOCK CODE

6098

LISTING DATE

19 June 2018

MAJOR EVENTS

1 January

The Group comprehensively implemented the new coaching mechanism for cultivation of Phoenix service managers.

February 2

The delegation of In-depth Research on High-quality Development of "Nanyue Housecraft" Initiative – Research Trip of Central, Provincial and Municipal Media Groups, which was initiated jointly by the Human Resources and Social Security Department of Guangdong Province and Southern Metropolis Daily, stayed in Foshan City, who visited the Group's Phoenix Home and Fengshou Street community service stations, focusing on how Foshan City has meticulously implemented the "Nanyue Housecraft" initiative to ensure it serves the public effectively and enhances people's well-being.

都市

促就业惠民生，"南粤家政"工程持续助推家政服务业高质量发展

传统家政"触网" 线上下单"选人"

March 3

The Group published its 2022 annual results. During the reporting period, the revenue of the Group increased to approximately RMB41,370 million, representing an increase of approximately 43.4% from approximately RMB28,840 million in the corresponding period of 2021. The gross profit increased to approximately RMB10,260 million, representing an increase of approximately 15.7% from approximately RMB8,860 million in the corresponding period of 2021. The core net profit attributable to the Shareholders grew to RMB5,020 million, representing an increase of approximately 9.0% from approximately RMB4,610 million in the corresponding period of 2021. The Board recommended the payment of a final dividend of RMB14.40 cents per share and a special dividend of RMB22.81 cents per share, as a token of appreciation to all shareholders for their continuous support and trust in the Company.

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碧桂园服务
COUNTRY GARDEN SERVICES

COUNTRY GARDEN SERVICES HOLDINGS COMPANY LIMITED
碧桂園服務控股有限公司
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(Stock Code: 6098)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

	Year ended 31 December 2022	2021	Change
	(RMB million, unless otherwise stated)		
Revenue	**41,366.6**	28,843.0	43.4%
Gross profit	**10,257.5**	8,864.0	15.7%
Percentage of general and administrative expenses	***10.3%***	*11.3%*	-1.0 *percentage point*
Net profit	**2,261.3**	4,349.5	-48.0%
Profit attributable to the owners of the Company	**1,943.4**	4,033.4	-51.8%
Core net profit* attributable to the owners of the Company	**5,021.8**	4,606.9	9.0%
Basic earnings per share *(RMB cents)*	**57.68**	128.42	-55.1%
Diluted earnings per share *(RMB cents)*	**57.68**	128.01	-54.9%
Total bank deposits and cash	**11,376.8**	11,755.9	-3.2%
Net cash generated from operating activities	**3,321.3**	3,407.4	-2.5%
Revenue-bearing gross floor area ("**GFA**") of the property management services other than the "Three Supplies and Property Management" businesses *(million sq.m.)*	**869.1**	765.7	103.4
Contracted GFA of the property management services other than the "Three Supplies and Property Management" businesses *(million sq.m.)*	**1,601.9**	1,437.9	164.0

The Board of Directors 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 as a token of appreciation to all shareholders for their continuous support and trust in the Company.

– 1 –

4

April

The All-China Federation of Trade Unions organized a special event in Beijing to mark the International Labor Day of 2023, which included the presentation of the National May 1st Labor Awards and the National Workers' Pioneer Titles. Mr. Meng Rui, senior manager of the Group, was honored with the "National May 1st Labor Medal".

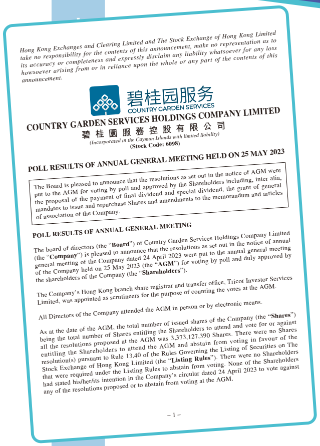
5

May

CG Services held its 2023 annual general meeting in Shunde, Foshan, at which all resolutions were approved.

In collaboration with the Institute for 21st Century Development, Tsinghua University and Tsinghua University Guoqiang Institute, the Company organized the China Urban Governance and High-Quality Development Forum (Zhengzhou), cum the 3rd CG Services Urban Service Developers Conference, at Huanghe State Guesthouse of Henan in Zhengzhou City. Cooperating with the Think Tank of Tsinghua University, CG Services released the first-ever standards and rankings for urban governance and public service indices, and announced the City Partner 3.0 Program.

With the theme "Chinese Sturgeon Dream, Fish Abundance in the Yangtze River", CG Services partnered with Guangdong Guoqiang Foundation (廣東省國強公益基金會) to promote a community cultural event in approximately 3,000 communities across the country, which was known as "Love and Passion's for You and for Diversity of the Earth, Become Ambassador of Biodiversity".



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POLL RESULTS OF ANNUAL GENERAL MEETING HELD ON 25 MAY 2023

The Board is pleased to announce that the resolutions as set out in the notice of AGM were put to the AGM for voting by poll and approved by the Shareholders including, inter alia, the proposal of the payment of final dividend and special dividend, the grant of general mandates to issue and repurchase Shares and amendments to the memorandum and articles of association of the Company.

POLL RESULTS OF ANNUAL GENERAL MEETING

The board of directors (the "**Board**") of Country Garden Services Holdings Company Limited (the "**Company**") is pleased to announce that the resolutions as set out in the notice of annual general meeting of the Company dated 24 April 2023 were put to the annual general meeting of the Company held on 25 May 2023 (the "**AGM**") for voting by poll and duly approved by the shareholders of the Company (the "**Shareholders**").

The Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, was appointed as scrutineers for the purpose of counting the votes at the AGM.

All Directors of the Company attended the AGM in person or by electronic means.

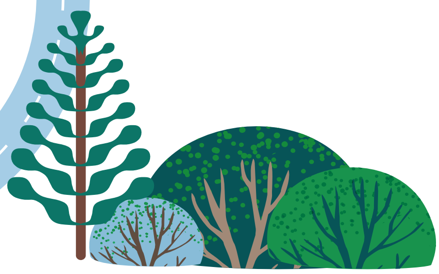
As at the date of the AGM, the total number of issued shares of the Company (the "**Shares**") being the total number of Shares entitling the Shareholders to attend and vote for or against all the resolutions proposed at the AGM was 3,373,127,390 Shares. There were no Shares entitling the Shareholders to attend the AGM and abstain from voting in favour of the resolution(s) pursuant to Rule 13.40 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). There were no Shareholders that were required under the Listing Rules to abstain from voting. None of the Shareholders had stated his/her/its intention in the Company's circular dated 24 April 2023 to vote against any of the resolutions proposed or to abstain from voting at the AGM.

– 1 –

6

June

The Group organized the first training session for regional digitalization expert certification.



Major Events

7 July

The Group comprehensively promoted the statement management system, and established, for the first time, a connection with the front-end business system, achieving integrated business performance and financial performance reporting and preparing consolidated statements on a T+1 basis, which delivered valuable insights to support the business development of the Group.

8 August

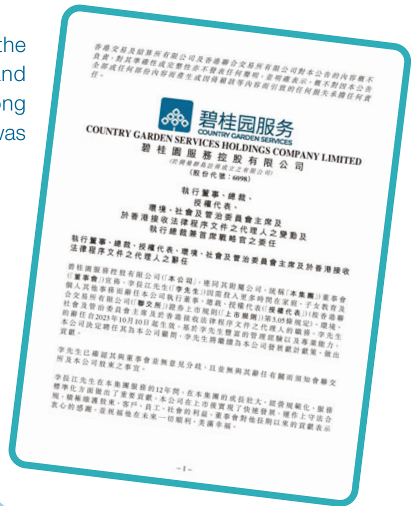
The Group published its 2023 interim results and held a press briefing for results presentation. For the six months ended 30 June 2023, the Group achieved revenue of RMB20,733 million and gross profit of approximately RMB5,158 million; the core net profit attributable to the Shareholders amounted to approximately RMB2,615 million.

9 September

The training for managers empowerment to embrace further development, themed "New Look and Power to Forge Ahead", concluded in Shunde New Energy Town, with a total of 46 trainees who were service managers and customer service specialists.

October

Mr. Xu Binhuai was appointed as an executive director, the president, the authorised representative, the chairman of the environmental, social and governance committee and the agent for the service of process in Hong Kong of CG Services. On the day of such appointment, Mr. Huang Peng was appointed as the executive president of CG Services.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碧桂園服務控股有限公司

10

November

The press conference for the strategic cooperation between the Group and Guotai Liquor Group cum the inauguration ceremony for the "Healthy Drinking in Family" Promotion Initiative was held in Guangzhou.

11

12

December

Mr. Xu Binhuai, an executive director and the president of the Group, was invited to the "Gathering Momentum, Foresight into the Future" themed 2023 Guangdong Property Management Summit cum the 5th Release Conference for Survey on Comprehensive Strength of Guangdong Property Management Enterprises, which was guided by the Department of Housing and Urban-Rural Development of Guangdong Province and hosted by Guangdong Property Management Industry Institute, and delivered a speech titled "In Relentless Pursuit of Refreshment". Concurrently, the event specially staged the inauguration and appointment ceremony for the new specialized committee under Guangdong Property Management Industry Institute, in which Mr. Wang Yingwu, chief marketing officer of CG Life Services and president of City Services Group, was appointed as the director of the City Services Committee under Guangdong Property Management Industry Institute, joining forces to drive innovation in city services across Guangdong.

AWARDS AND HONOURS

1	2023 TOP 100 Property Management Companies in China	Beijing China Index Academy
2	2023 TOP 10 of the TOP 100 Property Management Companies in China in terms of Business Performance	Beijing China Index Academy
3	2023 TOP 10 of the TOP 100 Property Management Companies in China in terms of Service Scale	Beijing China Index Academy
4	2023 Leading Property Management Companies in China in terms of Technology Empowerment	Beijing China Index Academy
5	2023 Leading Specialized Property Management Companies in China – Innovation in Value-Added Model	Beijing China Index Academy
6	2023 Outstanding Companies for Commercial Property Services in China	Beijing China Index Academy
7	2023 Leading Companies for Smart City Service in China	Beijing China Index Academy
8	2023 Leading Property Management Companies in China in terms of Specialized Service Operation Brand	Beijing China Index Academy
9	2023 First in TOP 20 Listed Property Management Companies in China's Property Management Industry	CPM Think Tank, CPM Research Institute
10	2023 TOP 1 Listed Property Management Companies in China with Leading Scale	CPM Think Tank, CPM Research Institute
11	2023 TOP 10 Property Management Companies in China in terms of Comprehensive Strength	CRIC Property Management, China Property Management Research Institution
12	2023 Leading Companies in China in terms of Red Property Services	CRIC Property Management, China Property Management Research Institution
13	2023 TOP 10 Leading Listed Property Management Companies in China in terms of Development Potential	CRIC Property Management, CRIC (Shanghai) Information Technology Co. Ltd.
14	2023 TOP 10 Leading Listed Property Management Companies in China in terms of Revenue Scale	CRIC Property Management, CRIC (Shanghai) Information Technology Co. Ltd.
15	2023 TOP 10 Leading Listed Property Management Companies in China in terms of Profit Scale	CRIC Property Management, CRIC (Shanghai) Information Technology Co. Ltd.

Awards and Honours

16	YIHAN ESG Rating – Grade AA	YIHAN, YIHAN Property Management Research
17	2023 TOP 1 Property Management Company in China in terms of Service Capability	YIHAN, YIHAN Property Management Research
18	2023 Model Property Management Companies in China in terms of Customer Satisfaction	YIHAN, YIHAN Property Management Research
19	2023 TOP 1 of the TOP 100 Property Management Companies in China in terms of Comprehensive Strength	YIHAN, YIHAN Property Management Research
20	2023 TOP 1 Listed Property Management Companies in China	YIHAN, YIHAN Property Management Research
21	2023 Top 10 Listed Property Management Companies in China in terms of Cash and Cash Equivalents	YIHAN, YIHAN Property Management Research
22	2023 China's Listed Property Management Companies with the Most Long-Term Investment Value	YIHAN, YIHAN Property Management Research
23	2023 Leading Property Management Companies in China in terms of Brand Value	YIHAN, YIHAN Property Management Research
24	2023 China's Model Property Management Companies for Red Property Services	YIHAN, YIHAN Property Management Research
25	2023 Top 10 Listed Property Management Companies in China with Distinctive Development Characteristics in city services	YIHAN, YIHAN Property Management Research
26	2023 Best Employer in China Customer Service Festival	China Customer Service Festival Committee, Customer Observation
27	Valuable Property Management Companies of the Year	National Business Daily
28	2023 Innovation Award for Property Service in Community-level Governance in China	China Real Estate Business, China Institute of Urban and Regional Governance
29	2023 Property Management Companies with Outstanding Performance	Guandian Index Academy
30	2023 Listed Property Management Companies with Outstanding Financial Performance	Guandian Index Academy

CHAIRMAN'S STATEMENT

To create a better society with our existence

Dear Shareholders,

The Board of Directors of the Company is pleased to report that the Group has achieved a revenue of approximately RMB42,611.5 million, with gross profit of approximately RMB8,731.9 million, and net profit of approximately RMB516.7 million for the year ended 31 December 2023. In addition, we recorded a core net profit attributable to shareholders of the Company* of approximately RMB3,939.5 million, with a basic earnings per share of RMB8.69 cents. In recognition of our shareholders' unwavering support and trust, the Board of Directors has decided to propose a final dividend and a special dividend totalling RMB29.46 cents per share for 2023.

Reflecting on the past year, in respect of property management services, both state and local governments have been refining relevant policies, addressing issues such as urban renewal, elderly care and regulating charging standards. The launch of numerous government policies underscored the increasing significance of property management services in grassroots social governance, and set new expectations for property management companies across the society. Furthermore, the enactment of these policies delineates a clear path for standardized operations and the growth of the property management service sector, thereby elevating the industry's service quality and better serving desires of people for an improved quality of life.

* 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 licenses and brands arising from mergers and acquisitions, impairment of goodwill and other intangible assets, impairment of loans to third parties pledged by equities, gains/(losses) from disposal of subsidiaries, expected losses on external guarantee and impairment of receivables from related parties.

During the year, there were significant changes in supply and demand in the real estate market of the PRC. The Group's related-party customers engaged in real estate development and related businesses, and they were under periodical liquidity pressures. Based on the above, out of the principle of prudence, an impairment provision has been fully made for the trade receivables due from the related parties of the Group. On the one hand, according to the progress of collecting receivables from related parties, the Group has actively adjusted its business strategies relating to related parties, resulting in a significant shrinkage in the business scale with related parties. Revenue from related parties has dropped significantly by approximately 45% year-on-year, accounting for only approximately 3.1% of total revenue. On the other hand, the Group strengthened the management of trade receivables due from the related parties, maintained close communication with related parties and continued to promote the implementation of various measures for collecting trade receivables at its best efforts. In the future, the Group will continue to adhere to the principle of legal compliance and adhere to the bottom line of risk. While assisting related parties to provide quality services for the "guaranteed property delivery" projects, the Group will proactively control the scale of related transactions, improve settlement efficiency and reduce risk exposure. The Group will focus on the work of the "Three Payments and One Control (三繳一流)" to further strengthen the financial security of the Group and guard the lifeline of the Company.

Against the backdrop of an era of high-quality development, CG Services adopts "seeking progress while maintaining stability, and promoting stability through progress" as its development guideline. In the face of numerous external challenges, we positively embrace market changes and focus on enhancing service quality and improving operation and management efficiency in pursuit of long-term sustainable development. In 2023, we achieved steady growth in our business, with revenue-bearing GFA exceeding one billion square meters. In terms of revenue structure, property management services continued to play a cornerstone role, further increasing its contribution to total revenue to approximately 58%. Our business is highly market-oriented and independent, with the proportion of revenue generated from third parties further increasing to 96.9%. We emphasise on quality expansion and pursue balanced development across all sorts of projects with a focus on residential properties, strengthening product capability and highlighting product quality. Cash flows are as vital as the lifeblood to an enterprise. We strengthen our cash flow management through the implementation of the "Three Payments and One Control (三繳一流)" key initiative, and achieved a ratio of net operating cash flows to the core net profit attributable to the owners of the Company of 1.17 times at the end of the year, an increase of 51 percentage points over the end of last year. The healthy cash flows further reinforced the Group's risk resistance and facilitated the positive evolution of its entire business.

Customer satisfaction is crucial to our sustainable growth. We have further deepened our "customer-oriented" service philosophy in order to reshape customer experience. During the Year, enhancing service quality became the Group's top priority. We are dedicated to the "Community Renewal" initiative, for which we have invested nearly RMB400 million in 1,594 projects across the country. These projects upgraded community roads, recreational facilities, and community intelligent facilities, aiming to comprehensively enhance the living experience for our customers. Protecting customers' personal and asset safety is the "Bottom Line (紅線)" of a property management company. The Group attaches great importance to safety, and completed the rectification of 24,000 potential sources of risk during the Year. In terms of facility and equipment safety, we have completed 2.433 million work orders for inspection and maintenance, and 5.319 million work orders for issue reporting and repair requests; we have also completed over 10,000 large-scale fire drills and elevator safety drills.

In the face of the current highly competitive market environment, we continued to adhere to our development strategy of "back to the basics of business". We insisted on building up the core competencies of our business to drive future business growth, and kept up with our efforts to enhance productivity and management efficiency at the grassroots level. During the Year, we upgraded our service system, reorganised the needs of property owners and developed differentiated service grading standards to improve our service standards in a more targeted manner. In the meantime, we reshaped our organisational capabilities and innovated our management model to enhance organisational effectiveness. In addition, we have been promoting the implementation of the "Localisation Programme (屬地計劃)" and the "Starfield Programme (星團計劃)" to achieve integrated management of M&A projects at the local places and consolidation of neighbouring projects to realise centralised management, respectively. In 2023, we invested a total of approximately RMB320 million in research and development (R&D), which was mainly used in digitisation and AI-Internet of Things (人工智能物聯網), to empower our business and improve quality and increase efficiency. In the future, we will continue to make investments to promote the pilot of digitalisation in projects and build smarter communities.

Our commitment to excellence has earned us recognition from our employees, property owners, and the industry at large, including prestigious awards like "2023 TOP1 Property Management Companies in China in terms of Comprehensive Strength" and "2023 TOP 100 Property Management Companies in China", affirming our industry leadership and stellar reputation. High-quality and value-added community services can not only boost property owners satisfaction, but also strengthen the bond between property owners and property management companies. Property management companies strive for a balance between operations and services, adopting long-termism as their central philosophy, and continuously undertaking various business reforms to meet market demands and deliver superior value to customers. CG Services has been actively advancing value-added community services by implementing the "1+N+X" strategy, actively developing key businesses for better community living in key cities, cultivating a competitive edge, enhancing its capabilities and catering to the diverse needs of property owners, aiming to foster the formation of a convenient ecosystem and demonstrate the commitment of CG Services and its partners to work towards a better and more effortless life for our customers.

We incorporate our ESG philosophy into property management practices. Advocating for green property projects, we have initiated the "CG Services Carbon Elimination (碧消碳)" plan and organized monthly events focused on environmental protection and social responsibility to further promote green and energy-saving practices. We have refined our emergency tackling mechanisms in response to extreme weather conditions, continuously improving our resilience to climate risks. Additionally, we have been building green communities and independently developed an intelligent cloud platform for NEV charging stations, offering safe and reliable charging solutions to over 1,000,000 users, thereby supporting low-carbon and sustainable transportation. We vigorously embrace our social responsibility with painstaking engagements. For instance, we contributed to rural revitalization by enhancing farmers' incomes and fostering prosperity through consumption of agricultural products. Our assistance initiatives have accumulated a total transaction volume exceeding RMB46.68 million. Dedicated to fostering a harmonious community, we actively engaged ourselves in grassroots-level community governance, and participated in a variety of public welfare, charity activities and volunteer services, demonstrating our commitment to social responsibility through our deeds. In the future, we will further enhance our ESG strategy, upgrade our sustainability system, and integrate our ESG philosophy into business operations in a more concrete and closer manner.

Looking to the future, we are still brimming with confidence in the growth and potential of the property management industry. CG Services will keep on embracing the brand concept of "serving you a better life". We will uphold long-termism, adhere to the new development strategy of "prioritizing employees, customer-orientated, and back to the basics of business", and pragmatically promote and practice it in the new round of business development. With determination and commitment, CS Services has pledged itself to the future. Riding on the industry development opportunities, CS Services will continue to develop and innovate on the basis of its own resource and vision, and will also assume the responsibility of promoting industry and social development by leading industry development towards a healthier and more sustainable direction.

Finally, on behalf of the Board of Directors, I would like to extend our gratitude to the management team and all our employees for their dedication and contributions. Additionally, I would like to thank the society and our shareholders for their priceless trust and support. We will remain committed to advancing the Company's high-quality development and generating greater value and returns for both the society and our shareholders.

To create a better society with our existence.

To shape a prosperous future through our conscience and social responsibility awareness.

Yang Huiyan
Chairman of the Board

Foshan, China, 27 March 2024

CONSOLIDATED RESULTS

	2019 RMB'000	2020 RMB'000	2021 RMB'000	2022 RMB'000	**2023 RMB'000**
Revenue	9,644,947	15,600,421	28,843,011	41,366,573	**42,611,511**
Profit before income tax	2,076,112	3,714,727	5,672,839	3,485,638	**1,079,650**
Income tax expense	(357,721)	(933,070)	(1,323,386)	(1,224,302)	**(562,939)**
Profit for the year	1,718,391	2,781,657	4,349,453	2,261,336	**516,711**
Profit attributable to:					
Owners of the Company	1,670,664	2,686,128	4,033,395	1,943,422	**292,335**
Non-controlling interests	47,727	95,529	316,058	317,914	**224,376**
	1,718,391	2,781,657	4,349,453	2,261,336	**516,711**
Earnings per share for profit attributable to owners of the Company (expressed in RMB cents per share)					
Basic	62.73	97.62	128.42	57.68	**8.69**
Diluted	61.67	96.32	128.01	57.68	**8.69**

CONSOLIDATED FINANCIAL POSITION

	2019 RMB'000	2020 RMB'000	2021 RMB'000	2022 RMB'000	**2023 RMB'000**
Non-current assets	2,044,918	7,915,834	35,612,262	35,420,402	**33,374,697**
Current assets	10,224,404	23,288,043	31,200,496	34,656,494	**35,869,377**
Current liabilities	6,427,299	14,232,797	24,790,556	24,994,171	**26,383,515**
Net current assets	3,797,105	9,055,246	6,409,940	9,662,323	**9,485,862**
Total assets less current liabilities	5,842,023	16,971,080	42,022,202	45,082,725	**42,860,559**
Non-current liabilities	162,497	812,042	3,648,709	5,173,725	**4,078,482**
Equity attributable to owners of the Company	5,373,156	14,565,740	36,186,874	37,456,431	**36,155,873**
Non-controlling interests	306,370	1,593,298	2,186,619	2,452,569	**2,626,204**
Total equity	5,679,526	16,159,038	38,373,493	39,909,000	**38,782,077**

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading integrated service provider in the PRC covering diversified business forms. Our business covers many business forms, including services to residential properties, commercial properties, office buildings, industrial parks, multi-purpose complexes, government buildings, hospitals, schools and other public facilities, such as airport terminals, highway service stations and cultural scenic areas. We have won industry-leading customer satisfaction and brand reputation with quality services, as well as gained high recognition in a number of sub-segments of the industry. We have won well-recognized awards in the industry including “Top 100 Property Management Companies in China in 2023” (2023年中國物業服務百強企業) and “2023 Leading Property Management Companies in China in terms of Technology Empowerment” (2023年中國物業科技賦能領先企業) granted by China Index Academy; “Model Enterprises in terms of Satisfaction of Property Customers in China in 2023” (2023年中國物業客戶滿意度模範企業) granted by YIHAN (億翰智庫); and “2023 Leading Property Management Companies in China in terms of Value-added Service Operation” (2023年中國物業增值服務運營領先企業) and “2023 Leading Property Management Companies in China in terms of City Services” (2023年中國物業城市服務領先企業) granted by CRIC Property Management.

The Group is highly recognized in the international capital market continuously. We were included in the Hang Seng Index as a constituent on 7 June 2021. We implement ESG concepts and practices in our business operations and have obtained industry-leading international ESG ratings. For instance, we have received a rating of BBB in the MSCI ESG ratings assessment; have been rated as a ‘low risk’ enterprise in the Sustainalytics ESG Risk Rating (with a score of 11.5, which ranked us 590th out of 15,974 companies rated internationally) and recognised as the enterprise with the ‘Highest ESG Rating in the Region (Asia-Pacific)’ in 2023; have been assigned a score of 46 in S&P Global ESG Scores, outperforming 85% of its global peers assessed; and were included in FTSE4Good Index Series as a constituent by FTSE Russell in December 2022 and have maintained such status since then.

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. During the Year, property management services recorded a revenue of approximately RMB24,698.5 million, representing a year-on-year increase of approximately 8.1% compared to the same period last year, and its percentage of total revenue further increased to approximately 58.0%.

As at 31 December 2023, apart from the “Three Supplies and Property Management” businesses, our contracted GFA was approximately 1,633.0 million sq.m., and our revenue-bearing GFA was approximately 956.9 million sq.m.. In addition, the contracted GFA and revenue-bearing GFA of the property management services of the “Three Supplies and Property Management” businesses were 93.4 million sq.m. and 88.6 million sq.m., respectively. We manage a total of 7,345 property projects. These projects cover 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 has reached 42.0%.

Customer satisfaction is a crucial foundation for our sustainable development, and we are driven by customer satisfaction with a focus on proactive improvement of service quality. Focusing on the pain points of our services, we have targeted improvements to enhance customer experience. We safeguard customers’ sense of safety by completing 24,000 rectifications for potential risk sources in the provides throughout the Year; in terms of facility and equipment safety, we have completed 2.433 million work orders for inspection and maintenance, and 5.319 million work orders for issue reporting and repair requests; we have also completed 13,000 large-scale fire drills and 11,000 elevator safety drills. During the Year, we continued to invest in transformation of communities to rejuvenate the living experience of customers, with relevant investments of approximately RMB400 million in a total of 1,594 projects, including rejuvenation of community facilities and equipment, upgrading of recreational and sports facilities and intelligent transformation of communities. In addition, we increased our investment in digitalization, which encompassed AIoT businesses such as cleaning robots, equipment and IoT modules, IoT platforms and charging pile platforms, as well as self-developed IoT solutions including human-machine collaborative operation, intelligent parking, etc., to empower the enhancement of service quality and management efficiency through digital and intelligent services.

With a focus on residential properties, we pursued high-quality development that covers many business forms, and maintained a high level of market expansion. During the Year, we signed 1,556 new brand expansion contracts for expansion projects, generating an annualized revenue of approximately RMB3,726 million. We fully utilized the geographical advantages of the projects under management to expand across the region. During the Year, 45% of the new expansion projects were located in first and second-tier cities, while 55% of which were located in third and fourth-tier cities.

Community Value-added Services

We are committed to becoming an "integrated whole-cycle community life services operator". By focusing on the family growth cycle of property owners, the property value cycle and the mature development cycle of communities, we strive to provide property owners with comprehensive community life services to meet their needs for asset value preservation and appreciation and daily life needs, so as to enable property owners to experience the beauty of property management services. Community value-added services have been developed as a new engine to drive sustainable and stable growth of the Group. By building a professional team, expanding resource integration capability, collaborating with strong partners from various industries and leveraging our natural advantage as a property management service provider of close proximity to community scenarios, we are promoting the enhancement of the competitiveness of community value-added core business in key cities across the country. During the Year, the Group's revenue from community value-added services was approximately RMB3,752.9 million, and its percentage of total revenue of the Group was approximately 8.8%.

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 intermediate 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 living 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.

During the Year, we adhered to the "1+N+X" community value-added development strategy, and further focused on strategic businesses and strengthened our capabilities building. We upgraded our community media to integrated marketing. Based on community scenarios, we created a complete marketing chain of "communication — experience — purchase — sharing" and created differentiated products with core competitiveness. We reached an integrated marketing cooperation with INXNI, an emerging and smart cleaning appliance brand, and organised over 800 experiential activities in the community. We built an in-depth experiential scenes for our liquor sales business around customer needs, and entered into a strategic partnership with the Guizhou Guotai Liquor Co., Ltd. (國台酒業集團有限公司) to jointly provide high-quality products and services to consumers. We fully leveraged on the site advantages and service advantages of property management companies to create an innovative model for laundry stores, and we opened 100 franchised stores within the Year.

Value-added Services to Non-Property Owners

During the Year, the revenue from value-added services to non-property owners was approximately RMB1,553.4 million, and its percentage of the total revenue of the Group further decreased to approximately 3.6%. The value-added services to non-property owners we provide 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 joint venture in 2018 and began to undergo the separation and transfer of property management and heat supply under "Three Supplies and Property Management" reform. As at 31 December 2023, the contracted GFA and revenue-bearing GFA of the property management services of the "Three Supplies and Property Management" businesses were approximately 93.4 million sq.m. and 88.6 million sq.m., respectively. During the Year, revenue from the property management business was approximately RMB4,992.2 million, representing a year-on-year increase of 21.2% compared to the same period last year, and revenue from the heat supply business was approximately RMB1,528.0 million, representing a year-on-year increase of approximately 6.5% compared to the same period last year.

After more than five years of in-depth cooperation with our partners, the competitiveness and brand reputation of our "Three Supplies and Property Management" businesses have been comprehensively enhanced. We provided production support services and production logistics services to petroleum and petrochemical enterprises. We managed projects covering 107 cities in 31 provinces across the country, and undertaking property management services for office buildings, apartment buildings, staff canteens, kindergartens and cultural venues of petroleum and petrochemical enterprises. During the Year, we signed 454 new projects with a total contract amount of RMB1,293 million. We have enriched the types of projects, including government buildings, schools, hospitals and industrial parks. In addition, we provide services including charging piles, housekeeping, laundry and community elderly care in the community to meet the diversified needs of property owners.

City Services

The Group is a leading provider of integrated public services in the PRC. We adhere to our strategy of focusing on new urbanization. With "improving services and environment to benefit business and people" as core value, we promote high-quality development of cities through our three core businesses, being city municipal services, city area operation and city community services. Driven by market demand and core technologies, on the basis of sharing with ecological partners through resource platforms and with the balance between the comprehensive benefits and long-term benefits of "government-driven" public services in mind, the Group, by leveraging the resource advantage of our own whole industry chain, provides 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 RMB4,883.6 million. Through brand expansion, we have signed a number of integrated urban service projects in Guangdong Province, Shanghai, Jiangsu Province, Anhui Province and Jiangxi Province, and achieved balanced business development and breakthroughs in project quality while upheld the reform concept of "greater city property management" as a city-wide governance change. The Project of Lecong town in Foshan that we managed was honoured with the Model Award for Urban Service Projects in Guangdong Province (廣東省城市服務項目標桿獎), signifying that the operation model and service quality of the city services of CG Services have reached a level recognised by the association. In addition, we successfully organised the third Country Garden Urban Service Developers Conference and announced the "City Service Partner Programme 3.0", which opens up the platform service cooperation mechanism to partners and introduces the ESP sharing platform for city services.

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 total revenue of approximately RMB1,012.4 million. Our commercial operational services product lines include high-quality one-stop shopping malls "Bele city" (碧樂城), neighborhood center "Bele fun" (碧樂坊) and commercial block "Bele time" (碧樂時光).

PROSPECTS AND FUTURE PLANS

Further developing the "customer oriented" service concept and strengthening customer satisfaction management system to improve customer experience

Since its founding, CG Services has been committed to the service concepts of "Catering for property owners' urgent needs; addressing property owners' concerns" and "Property owner-oriented", centering services on the needs of property owners and refining service standards to improve the quality of services. The commitment to customer satisfaction is the bedrock of sustainable development. Driven by this commitment, we have strengthened the customer satisfaction management system, with dedicated staff working around the clock to address customer issues, ensuring comprehensive satisfaction surveys, proactively identifying and resolving service shortcomings, in an effort to further improve service quality. Furthermore, by leveraging various digital tools, we have transformed customer feedback into an online, real-time and closed-loop process, allowing us to gain comprehensive insights and analysis and make customer experience management more timely and efficient.

As we move into 2024, our efforts will focus on enhancing the quality of life and improving the environment within our communities, which will include refurbishing outdated facilities and improving the ecological landscape, to offer property owners better living experience and to refresh communities with pleasant colors. People's aspirations for a better life is what drives us forward. Through the enhancement of basic property management services and the integration of advanced technologies in management and operation practices, we are dedicated to elevating customer experience, building safe, green, smart, culturally-vibrant and resident-friendly communities, and transforming property owners' visions of ideal life into an attainable reality.

Upholding the "1+N+X" development strategy and focusing on key businesses for better community life to build competitive advantage

We recognize that delivering high-quality and diverse property management services is essential to transforming people's visions of ideal life into reality. In recent years, CG Services has been maintaining the posture of "the community's readiness for serving the residents' needs", further promoting the "property services + lifestyle services" business model, and expanding the service offerings, with an aim to enhance the sense of happiness of property owners. For community life, we develop key businesses to offer retailing, cleaning, laundering, maintenance services to make life easier and better, and advance the construction of "Fifteen Minute Convenient Living Circle" with consideration of customers' core needs, thereby enabling customers to enjoy an ideal and quality life.

Moving forward, we will firmly uphold the "1+N+X" development strategy for enhancing community value. This strategy involves not only delivering exceptional property management services to property owners, but also actively developing key businesses for better community life in key cities, cultivating a competitive edge, and building the incubation system to attract top entrepreneurs. In addition, we will concentrate on strategic businesses, enhance our capabilities, forge the differentiated business pattern incorporating both property services and professional attitude, and develop premium products and a professional team. Moreover, we will explore segments of community scenarios and build the differentiated business pattern by breakthroughs of premium products and near-field services, so as to build reputation and strengthen customer loyalty.

Pursuing "lean" digital transformation to empower operation for the purpose of better service quality and management efficiency

As the management scale expands, property management service providers are racing to construct digital structures, promoting digital transformation to reinforce management capabilities, improve service quality and boost customer satisfaction, aiming for more intelligent and efficient property services. Regarding technology as a pivotal instrument for strengthening service efficiency and customer experience, we will actively engage in research to drive digital transformation, and empower our staff with advanced technologies, thereby further improving customer experience.

In the operation of property management services, we are persistently driving a "lean" approach to digital transformation, advancing digital management in the core operation system to enable improvement in service quality and management efficiency. We will further the lean molding of existing businesses, processes and business patterns, and set a clearer roadmap with the assistance of digital means: from the service cycle of customer feedback and problem resolution, to the subsequent steps to monitor service improvement, from the operation cycle of systematic work order dispatching and batch based review, to digital solutions for every link of the cycle. We will expand digital initiatives to more projects with the aim of building more "smart" communities.

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 2023, the total revenue increased by approximately 3.0% to approximately RMB42,611.5 million from approximately RMB41,366.6 million for the year ended 31 December 2022. Among which, the revenue from the third parties increased by approximately 6.0% to approximately RMB41,283.0 million from approximately RMB38,950.2 million for the year ended 31 December 2022.

During the Year, out of the principle of prudence, after the provision of services to certain customers with significantly increased credit risks, the consideration received from these customers was recognized as revenue upon the Group's fulfillment of its contractual obligations and the consideration had been received. The revenue from the third parties increased by approximately 6.3% to approximately RMB41,397.4 million from approximately RMB38,950.2 million for the year ended 31 December 2022 excluding such impact.

(I) Property management services

During the Year, the revenue from property management services increased by approximately 8.1% to approximately RMB24,698.5 million from approximately RMB22,855.6 million for the year ended 31 December 2022, accounting for approximately 58.0% of the total revenue (for the same period in 2022: approximately 55.3%).

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, for the years indicated:

	For the year ended/at 31 December 2023				For the year/at ended 31 December 2022			
	Revenue		Revenue-bearing GFA		Revenue		Revenue-bearing GFA	
	(RMB'000)	(%)	('000 sq.m.)	(%)	(RMB'000)	(%)	('000 sq.m.)	(%)
Properties developed by Country Garden Real Estate Group (Note 1)	**10,880,507**	**44.1**	**476,168**	**49.8**	9,562,869	41.8	419,030	48.2
Properties developed by independent third-party property developers	**13,818,007**	**55.9**	**480,757**	**50.2**	13,292,734	58.2	450,095	51.8
Total	**24,698,514**	**100.0**	**956,925**	**100.0**	22,855,603	100.0	869,125	100.0

Note 1: Properties developed by CGH and its subsidiaries, joint ventures and associates ("**Country Garden Real Estate Group**") independently or jointly with other parties.

As at 31 December 2023, the revenue-bearing GFA of the Group increased by approximately 87.8 million sq.m. from approximately 869.1 million sq.m. for the same period in 2022 to approximately 956.9 million sq.m., mainly due to the conversion of the Group's reserved GFA of the properties developed by the CGH Group into revenue-bearing GFA during the Year.

(II) Community value-added services

During the Year, the revenue from community value-added services decreased by approximately 6.6% to approximately RMB3,752.9 million from approximately RMB4,017.5 million for the year ended 31 December 2022, accounting for approximately 8.8% of the total revenue (for the same period in 2022: approximately 9.7%).

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

(a) During the Year, the revenue from home services increased by approximately 19.2% to approximately RMB581.4 million from approximately RMB487.7 million for the year ended 31 December 2022.

(b) During the Year, the revenue from home decoration intermediate services decreased by approximately 31.2% to approximately RMB292.7 million from approximately RMB425.2 million for the year ended 31 December 2022.

(c) During the Year, the revenue from community media services decreased by approximately 16.5% to approximately RMB809.1 million from approximately RMB969.3 million for the year ended 31 December 2022.

(d) During the Year, the revenue from local living services decreased by approximately 0.7% to approximately RMB1,412.9 million from approximately RMB1,422.3 million for the year ended 31 December 2022.

(e) During the Year, the revenue from real estate brokerage services decreased by approximately 7.0% to approximately RMB361.3 million from approximately RMB388.3 million for the year ended 31 December 2022.

(f) During the Year, the revenue from community area services decreased by approximately 9.0% to approximately RMB295.5 million from approximately RMB324.7 million for the year ended 31 December 2022.

During the Year, the Group enhanced service penetration among property owners in the communities and changed the operation models, which led to the increase in revenue for domestic services and laundry business. However, these were offsetted by the changes in supply and demand in the real estate market in 2023, with a decline in the delivery of new homes and a reduction in the scope of home decoration intermediate services; there was also a decline in the volume of the media business contracts and a reduction in the advertising expenditures of customers. In addition, as the attitude of consumers is more rational, it has resulted in the underperformance of local living services. As a result of the above combined impact, the overall community value-added services revenue declined.

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

During the Year, the revenue from value-added services to non-property owners decreased by approximately 41.7% to approximately RMB1,553.4 million from approximately RMB2,664.7 million for the year ended 31 December 2022, accounting for approximately 3.6% of the total revenue (for the same period in 2022: approximately 6.4%).

The decrease in revenue from value-added services to non-property owners was mainly due to (i) the phased adjustment of some real estate enterprises; and (ii) out of the principle of prudence, after the provision of services to certain customers with significantly increased credit risks, the consideration received from these customers was recognized as revenue upon the Group's fulfillment of its contractual obligations and the consideration had been received.

(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 21.2% to approximately RMB4,992.2 million from approximately RMB4,117.8 million for the year ended 31 December 2022, accounting for approximately 11.7% of the total revenue (for the same period in 2022: approximately 10.0%).

The revenue from heat supply services increased by approximately 6.5% to approximately RMB1,528.0 million from approximately RMB1,435.3 million for the year ended 31 December 2022, accounting for approximately 3.6% of the total revenue (for the same period in 2022: approximately 3.5%).

The increase in the revenue from the "Three Supplies and Property Management" businesses was mainly due to the increase in the number of projects taken over and the active development of the productive service businesses.

(V) City Services

During the Year, the revenue from city services increased from approximately RMB4,836.9 million for the year ended 31 December 2022 to approximately RMB4,883.6 million, representing an increase of approximately 1.0%, accounting for approximately 11.5% of the total revenue (for the same period in 2022: approximately 11.7%).

City services were impacted by the overall market conditions within the Year with structural adjustments in business, and the revenue maintained stable.

(VI) Commercial Operational Services

During the Year, the revenue from commercial operational services decreased from approximately RMB1,285.1 million for the year ended 31 December 2022 to approximately RMB1,012.4 million, representing a decrease of approximately 21.2%, accounting for approximately 2.4% of the total revenue (for the same period in 2022: approximately 3.1%).

The decrease in the revenue from commercial operational services was mainly because in consideration of the Group's overall business development strategy, the subsidiaries of the Company early terminated the specific property leasing contracts signed with the CGH Group for the commercial projects, which will help reduce the reliance on connected persons for the commercial management business. The Group plans to invest more efforts on the expansion of the commercial management business to the external market, rely on third-party forces to achieve the long-term development of the Group, and continue to maintain the independence of the commercial management business.

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, (xvii) other labor outsourcing costs, and (xviii) others. During the Year, the costs were approximately RMB33,879.6 million, representing an increase of approximately 8.9% as compared to approximately RMB31,109.1 million for the year ended 31 December 2022. The increase in costs was mainly due to the increase in costs associated with the growth of the Group's property management services, "Three Supplies and Property Management" businesses, city services and the initial investment in the innovation businesses of the community value-added services.

Gross Profit and Gross Profit Margin

During the Year, the overall gross profit decreased by approximately RMB1,525.6 million to approximately RMB8,731.9 million from approximately RMB10,257.5 million for the year ended 31 December 2022, representing a decrease of approximately 14.9%.

During the Year, the overall gross profit margin decreased by 4.3 percentage points to approximately 20.5% from approximately 24.8% for the year ended 31 December 2022, and it was mainly due to the decrease in gross profit margins of various businesses.

(i) Property management services

During the Year, the gross profit margin of property management services decreased by 3.4 percentage points to approximately 22.1% from approximately 25.5% for the year ended 31 December 2022.

The decrease in gross profit margin of property management services was mainly due to (i) the principle of prudence, that after the provision of services to certain customers with significantly increased credit risks, the consideration received from these customers was recognized as revenue upon the Group's fulfillment of its contractual obligations and the consideration had been received; and (ii) proactive investment in promoting on-site quality enhancement and environmental renovation of property management projects.

The adjusted gross profit margin of property management services decreased by 2.6 percentage points to approximately 26.4% from approximately 29.0% for the year ended 31 December 2022 excluding the impact of amortisation charges of intangible assets — contracts and customer relationships and brands — arising from mergers and acquisitions and the reason for the decrease in gross profit margin of property management services as stated above (i).

(ii) Community value-added services

During the Year, the gross profit margin of community value-added services decreased by 14.1 percentage points to approximately 39.4% from approximately 53.5% for the year ended 31 December 2022.

The decrease in gross profit margin of community value-added services was mainly due to the continuation of fixed costs while the revenue from the relevant services decreased.

(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 12.6 percentage points to approximately 1.0% from approximately 13.6% for the year ended 31 December 2022.

The decrease in the gross profit margin of value-added services to non-property owners was mainly due to (i) the principle of prudence, that after the provision of services to certain customers with significantly increased credit risks, the consideration received from these customers was recognized as revenue upon the Group's fulfillment of its contractual obligations and the consideration had been received; and (ii) the decrease in contracted unit price as a result of the impact of the economic environment.

The adjusted gross profit margin of value-added services to non-property owners decreased by 3.2 percentage points to approximately 10.4% from approximately 13.6% for the year ended 31 December 2022 excluding the impact of amortisation charges of intangible assets — contracts and customer relationships and brands — arising from mergers and acquisitions and the reason for the decrease in gross profit margin of value-added services to non-property owners as stated above (i).

(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 8.8% for the year ended 31 December 2022 to approximately 7.4%, representing a decrease of 1.4 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 lower gross margin of several new businesses.

During the Year, for the "Three Supplies and Property Management" businesses, the gross profit margin of heat supply services increased from approximately 9.5% for the year ended 31 December 2022 to approximately 9.8%, representing an increase of 0.3 percentage points.

The gross profit margin of heat supply services under the "Three Supplies and Property Management" businesses remained stable.

(v) City Services

During the Year, the gross profit margin of city services decreased from approximately 18.8% for the year ended 31 December 2022 to approximately 16.8%, representing a decrease of 2.0 percentage points.

The decrease in the gross profit margin of city services was mainly due to structural adjustments in the business as a result of changes in the Group's cooperation modes during the Year.

(vi) Commercial Operational Services

During the Year, the gross profit margin of commercial operational services decreased from approximately 35.5% for the year ended 31 December 2022 to approximately 30.9%, representing a decrease of 4.6 percentage points.

The decrease in the gross profit margin of commercial operational services was mainly due to (i) the phase-out of certain projects within the Year, which led to a lag in cost adjustments; and (ii) the intensified competition in commercial operational services as a result of the impact of economic environment.

Selling and Marketing Expenses

During the Year, selling and marketing expenses were approximately RMB342.1 million, representing a decrease of approximately 21.8% as compared with approximately RMB437.7 million for the year ended 31 December 2022.

The decrease in selling and marketing expenses was mainly due to the tightened policy on expense management of the Group.

General and Administrative Expenses

During the Year, general and administrative expenses were approximately RMB3,866.4 million, representing a decrease of approximately 9.5% as compared with approximately RMB4,270.3 million for the year ended 31 December 2022. The percentage of general and administrative expenses decreased by 1.2 percentage points from approximately 10.3% for the same period in 2022 to approximately 9.1%.

The decrease in general and administrative expenses was mainly because the lapse of partial share options during the Year, which offsetted the expense of share options provided in the previous period.

In addition, the adjusted percentage of general and administrative expenses decreased by 0.7 percentage points from approximately 10.2% for the same period in 2022 to approximately 9.5% excluding the expense of share options.

Other Income

During the Year, other income was approximately RMB477.4 million, representing a decrease of approximately 11.2% as compared with approximately RMB537.7 million for the year ended 31 December 2022.

The decrease in other income was mainly due to the decrease in government subsidy during the Year as compared to the same period last year.

Other Gains/(Losses) — Net

During the Year, other gains/(losses) — net were approximately RMB161.4 million, representing an increase of approximately RMB275.6 million as compared with approximately RMB-114.2 million for the year ended 31 December 2022.

The increase in other gains/(losses) — net was mainly due to the increase in realised and unrealised gains on the financial assets at fair value through profit or loss as a result of fluctuations in market conditions as compared with the same period last year.

Finance Income/(Costs) — Net

During the Year, finance income/(costs) — net were approximately RMB38.2 million, representing an increase of approximately RMB110.3 million compared with approximately RMB-72.1 million for the year ended 31 December 2022.

The increase in finance income/(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, and the increase in interest income on deposits during the Year as compared with that of the last period.

Income Tax Expense

During the Year, income tax expense was approximately RMB562.9 million, representing a decrease of approximately 54.0% compared to approximately RMB1,224.3 million for the year ended 31 December 2022.

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 2023.

Profit for the Year

During the Year, the net profit of the Group was approximately RMB516.7 million, representing a decrease of approximately 77.2% compared to approximately RMB2,261.3 million for the year ended 31 December 2022.

During the Year, the profit attributable to the Shareholders was approximately RMB292.3 million, representing a decrease of approximately 85.0% compared to approximately RMB1,943.4 million for the year ended 31 December 2022.

During the Year, the profit attributable to the non-controlling interests of the Company was approximately RMB224.4 million, representing a decrease of approximately 29.4% compared to approximately RMB317.9 million for the year ended 31 December 2022.

During the Year, the core net profit attributable to the Shareholders* was approximately RMB3,939.5 million, representing a decrease of approximately 21.6% compared to approximately RMB5,021.8 million for the year ended 31 December 2022.

* 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 licenses and brands arising from mergers and acquisitions, impairment of goodwill and other intangible assets, impairment of loans to third parties pledged by equities, gains/(losses) from disposal of subsidiaries, expected losses on external guarantee and impairment of receivables from related parties.

Intangible Assets

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

As at 31 December 2023, the intangible assets of the Group were approximately RMB23,927.3 million, representing a decrease of approximately RMB2,026.1 million compared to approximately RMB25,953.4 million as at 31 December 2022, which was mainly due to the impairment of goodwill and other intangible assets of the Company of approximately RMB1,476.0 million arising from equity acquisitions by the Group during the Year, and the amortisation arising from the intangible assets of approximately RMB1,140.9 million during the Year.

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 2023, the balance of financial assets at fair value through other comprehensive income of the Group was approximately RMB4,318.0 million, representing an increase of approximately RMB166.4 million compared to approximately RMB4,151.6 million as at 31 December 2022, which was mainly due to the increase in the valuation of certain investment of the Group during the Year.

Trade and Other Receivables

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

As at 31 December 2023, the Group recorded net trade receivables of approximately RMB16,378.5 million, representing an increase of approximately RMB1,020.4 million compared to approximately RMB15,358.1 million as at 31 December 2022, mainly due to the increase in the revenue from property management services and long payment period of customers for city services.

The net other receivables was approximately RMB3,805.2 million as at 31 December 2023, representing a decrease of approximately RMB1,636.3 million compared to approximately RMB5,441.5 million as at 31 December 2022, which was mainly due to the decrease in loans to third parties pledged by equities and deposits.

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 2023, the balance of financial assets at fair value through profit or loss of the Group amounted to approximately RMB807.7 million, representing a decrease of approximately RMB55.1 million as compared with approximately RMB862.8 million as at 31 December 2022, which was mainly due to the decrease in valuation of the closed-end fund.

Contract Liabilities

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

The contract liabilities increased from approximately RMB5,981.9 million as at 31 December 2022 to approximately RMB7,591.5 million as at 31 December 2023, representing an increase of approximately RMB1,609.6 million, which was mainly due to the increase in the advance payments for property management services.

Trade and Other Payables

Trade and other payables include trade payables, other payables, dividend payables, contingent consideration for business combination, 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 2023, trade payables of the Group were approximately RMB7,216.3 million, representing an increase of approximately RMB1,239.7 million compared to approximately RMB5,976.6 million as at 31 December 2022, 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 of fees 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 advances).

Other payables decreased from approximately RMB6,785.3 million as at 31 December 2022 to approximately RMB6,029.8 million as at 31 December 2023, primarily due to the decrease in considerations payable for business combinations and payables to third parties.

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the 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 the Shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors its 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.

As at 31 December 2023, the bank and other borrowings of the Group amounted to approximately RMB1,569.5 million (31 December 2022: approximately RMB2,253.6 million). All borrowings due during the Year were repaid on time.

As at 31 December 2022 and 2023, the gearing ratio of the Group was maintained at net cash position.

Liquidity, Financial and Capital Resources

As at 31 December 2023, total bank deposits and cash (including restricted bank deposits) of the Group were approximately RMB12,939.3 million, representing an increase of approximately RMB1,562.5 million as compared with approximately RMB11,376.8 million as at 31 December 2022. Total bank deposits and cash were denominated in the following currencies:

	31 December 2023		31 December 2022	
	(RMB'000)	**(%)**	(RMB'000)	(%)
RMB	**12,615,141**	**97.5**	11,182,834	98.3
HKD	**195,269**	**1.5**	104,259	0.9
Other currencies	**128,867**	**1.0**	89,679	0.8
	12,939,277	**100.0**	11,376,772	100.0

Out of the total bank deposits and cash of the Group, restricted bank deposits of approximately RMB302.1 million (31 December 2022: approximately RMB161.0 million) mainly represented judicially frozen funds and 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 Manguo and Fujian Dongfei, the subsidiaries of the Group.

As at 31 December 2023, the net current assets of the Group were approximately RMB9,485.9 million (31 December 2022: approximately RMB9,662.3 million). The current ratio (current assets/current liabilities) of the Group was approximately 1.4 times (31 December 2022: 1.4 times).

Key Risk Factors and Uncertainties

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

Industry Risk

The Group's businesses are affected by the overall economy, market conditions and the policies and regulations of the property management industry. When there are changes in economic conditions that lead to fluctuations in the consumption levels and purchasing power of businesses and individuals, these fluctuations may affect the Group's business operations and collection of payments for businesses. When there are significant changes in the PRC real estate market that exceed expectations, these changes may affect the growth of the Group's revenue-bearing GFA and related revenue growth. When the government adjusts policies and regulations for property management industry, these adjustments may have a significant impact on the business strategies of property enterprises including the Group, service offerings and charging standards.

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 the 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, closed-end funds 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 2023, the Group had 213,712 employees (31 December 2022: 227,759 employees). During the Year, the total staff costs were approximately RMB15,384.5 million.

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

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

The Shareholders approved the share option scheme of the Company on 28 September 2020. During the Year, the Company has not granted any share options according to the above schemes and has not issued any Shares upon the exercise of share options by eligible participants.

Employee Training and Development

CG Services adheres to the commitment of building a broad development platform for employees, and has established a diversified training system based on business needs as well as the development needs of employees in their specialized fields. In 2023, the Group launched a rich variety of training products and training programs through the integration of online and offline, in order to meet the development needs of talents at all levels.

For online training, we have created the "BIXUETANG College (碧學堂)", an online learning platform for all employees, offering them precisely matched learning courses including corporate culture, professional skills and professional ethics. At the same time, in order to support the Group's business development strategy more efficiently, the Company has planned regular online training products such as "One Moment (一刻堂)" and "One Expansion and One Special Empowerment Project (一拓一拓展專項賦能)".

For offline training, we have planned talent development programs such as "CG Defense Officer (碧防官)" and "Special Recruitment Class for Veterans (退役軍人特招班)" for key positions. These programs systematically enhance employees' management abilities and business skills through professional faculty support, extraction of typical case studies and mentorship through job rotation. In addition to routine trainings, the Company also conducted business empowerment activities with distinctive features of CG Services for employees and stimulated their innovative consciousness and capabilities through "Skill Competition (技能比武大賽)" and "Golden Tung Prize Selection (金桐獎榮譽評選)".

As at 31 December 2023, the Company organised a total of 2,486 online and offline training sessions, with a total of 936,528 hours of learning for employees.

Charge on Assets

As at 31 December 2023, several subsidiaries of the Company carried out borrowing and sale and leaseback financing loan business with banks and financial leasing companies to meet the daily operational needs. These were mainly secured by rights of collection of certain of their respective city service projects and certain equipment.

Contingent Liabilities

Please refer to note 31 to the consolidated financial statements for details of contingent liabilities as at 31 December 2023, which were contingent considerations arising from business combinations. Save as disclosed, the Group did not have any other contingent liabilities.

External Guarantee

As at 31 December 2023, save as disclosed in note 40 to the consolidated financial statements, the Group did not have any other external guarantee.

Material Impairment of Assets

(1) Provisions for impairment of receivables from related party

For the year ended 31 December 2022 and the first half of 2023, CGH Group, a related-party customer of the Group, engaged in real estate development and related business, with a leading sales scale in the industry, and timely repaid its debts and issued new bonds, no evidence showed that CGH Group was suffering from significant financial difficulties.

However, due to significant changes in the supply and demand relationship in the PRC real estate market, the real estate development and related businesses of CGH Group was under liquidity pressure at this stage. Since the second half of 2023, the sales of CGH Group which served by the Group, were obviously under pressure and available funds continued to decrease, resulting in a significant increase in the number of trade receivable turnover days. As at 31 August 2023, the auditor of CGH Group issued a non-standard report, stating that there was a material uncertainty that might cast significant doubt about the ability of CGH Group to continue as a going concern. As at 10 October 2023, CGH Group, served by the Group, announced that all of its offshore debt obligations were not expected to be satisfied on time or within the relevant grace periods.

As at 31 December 2023, the Group considered that there was a significant increase in the credit risk of trade receivables amounting to RMB2,757,874,000 from CGH. Therefore, such trade receivable was assessed on an individual basis. The Group evaluated the distribution of expected cash flows under a number of scenarios (as described in the table below) based on historical credit loss experience, business model, current status of contractual counterparties and future projections under different scenarios.

Scenarios
Scenario 1: CGH Group settles debt by financing
Scenario 2: the Group and CGH Group negotiate for a standalone debt restructuring scheme
Scenario 3: CGH Group fails to resume normal operations and eventually enters bankruptcy/liquidation proceedings

The management of the Company made corresponding expected credit loss provision according to expected credit loss rate and the related probability weight under different scenarios. Out of the principle of prudence, expected credit loss provision totaling RMB2,198,613,000 was made for receivables from related parties (31 December 2022: Nil), of which RMB2,181,665,000 was made for the receivables from CGH Group and corresponding expected credit loss rate was 79.1%.

According to the progress of collecting receivables from related parties, the Company has actively adjusted its business strategy relating to related parties with a decrease in the business scales with related parties as compared to 2022. The Company also maintained close communication with related parties and continued to promote the implementation of various measures for collecting trade receivables at its best efforts.

(2) Impairment of goodwill and other intangible assets

The business expansion and value-added business of some subsidiaries acquired by the Group in previous years have not been carried out as scheduled and some existing business has been adjusted, leading to declines in revenues and profits. Meanwhile, the long payment period of some customers resulted in unsatisfactory cash flows.

As at 31 December 2023, the Group, with the assistance of independent valuer, conducted an impairment assessment on goodwill. The recoverable amounts of all cash-generating units were recalculated. In particular, the values in use of the cash-generating units other than these primarily including Sichuan Justbon Life Services Group Co., Ltd.* (四川嘉寶生活服務集團股份有限公司) ("**Justbon Services**"), Fujian Dongfei Environment Group Co., Ltd.* (福建東飛環境集團有限公司) ("**Fujian Dongfei**") and City-Media (Shanghai) Culture Media Co., Ltd.* (城市縱橫（上海）文化傳媒有限公司) ("**City-Media**"), were assessed to be higher than their carrying amounts. As a result, the Group made an impairment of RMB1,475,999,000 for the goodwill and other intangible assets of these subsidiaries. For details, please refer to note 17 to the consolidated financial statements.

The Group wishes to emphasize that the above provisions for impairment of receivables and impairment of goodwill and other intangible assets will not have any impact on the cash flow for the operation of the Group.

Material Acquisitions, Disposals and Significant Investments

During the Year, except for the events stated in "MAJOR EVENTS DURING THE YEAR", the Group had no material acquisitions or disposals and no individually significant investments.

MAJOR EVENTS DURING THE YEAR

Amendments to the Memorandum and Articles of Association and Adoption of the Second Amended and Restated Memorandum and Articles of Association

For the purposes of (i) complying with the Core Shareholders Protection Standards as set out in the amended Appendix A1 to the Listing Rules with effect from 1 January 2022; (ii) complying with the relevant provisions of the applicable laws of the Cayman Islands; (iii) allowing general meetings to be held as an electronic meeting (also referred to as a virtual general meeting) or as a hybrid meeting; and (iv) making certain organisational and administrative amendments, the Board proposed to make certain amendments to the existing memorandum and articles of association of the Company (the "**Proposed Amendments**"). At the same time, the Board proposed to adopt the second amended and restated memorandum and articles of association incorporating the Proposed Amendments (the "**Articles of Association**") in substitution for and to the exclusion of the existing memorandum and articles of association.

The Proposed Amendments and the proposed adoption of the Articles of Association were approved by way of a special resolution at the annual general meeting of the Company in 2023. Please refer to the announcements of the Company dated 29 March 2023 and 25 May 2023 and the circular of the Company dated 24 April 2023 for further details.

Donation of Shares by the Chairman of the Board and a Controlling Shareholder

The Company has been notified by Ms. Yang Huiyan, a controlling shareholder (as defined under the Listing Rules), the non-executive Director and the chairman of the Board, that she and her wholly-owned company, Concrete Win Limited (the "**Donor**"), entered into a deed of gift with Guoqiang Public Welfare Foundation (Hong Kong) Limited ("**Guoqiang Public Welfare Foundation (Hong Kong)**") on 29 July 2023 (the "**Deed of Gift**"). Pursuant to the Deed of Gift, the Donor shall donate 674,640,867 Shares of the Company, representing approximately 20% of then issued Shares (the "**Donation Shares**"), to Guoqiang Public Welfare Foundation (Hong Kong) for charitable purposes (the "**Donation**").

Recognising the long-term value of the Company and in order to enhance the stability of the Company's corporate governance, Guoqiang Public Welfare Foundation (Hong Kong) irrevocably and unconditionally undertakes to Ms. Yang and the Donor that it will hold the Donation Shares for a period of ten years and appoint Ms. Yang and the Donor or their designated person(s) as proxies to exercise the voting rights in respect of the Donation Shares on behalf of Guoqiang Public Welfare Foundation (Hong Kong) at the discretion of Ms. Yang and the Donor. The Donation has now been completed. Ms. Yang directly and indirectly owns 543,695,233 Shares, representing approximately 16.12% of the then issued Shares; and Ms. Yang continues to directly and indirectly control the voting rights in respect of 1,218,336,100 Shares, which include the voting rights in respect of the Donation Shares, representing approximately 36.12% of the voting rights in respect of the then issued Shares. Please refer to the announcement of the Company dated 30 July 2023 for further details.

Carrying out on-Market Share Repurchase

The Board believes that the share repurchase will demonstrate the Group's confidence in its long-term business prospects, improve the returns to the Shareholders and be in the interest of the Company and the Shareholders as a whole. The Board also believes that the Group is in a stable financial position and is able to maintain sufficient financial resources to meet the needs of its continuous business growth while carrying out the share repurchase.

During the year ended 31 December 2023, the Board repurchased a total of 30,184,000 Shares on the Stock Exchange at a total consideration of HKD289,932,000 (before expenses) in accordance with the general mandate to repurchase Shares granted by the Shareholders at the annual general meeting of the Company in 2023. All the Shares repurchased were subsequently cancelled in full during the Year. Please refer to the announcements of the Company dated 1 August 2023, 4 September 2023, 12 September 2023 and 22 September 2023 for further details.

Change of Executive Director, President, Authorised Representative, Chairman of Environmental, Social and Governance Committee and Agent for the Service of Process in Hong Kong and Appointment of Executive President and Chief Strategy Officer

Mr. Li Changjiang has resigned from his position as an executive Director, the president, the authorised representative (the "**Authorised Representative**") as required under Rule 3.05 of the Listing Rules, the chairman of the environmental, social and governance committee and the agent for the service of process in Hong Kong of the Company in order to devote more time to his family, children's education and other personal affairs, with effect from 10 October 2023. Mr. Li will continue to make suggestions and contributions to the development of the Company as the consultant of the Company.

Mr. Xu Binhuai (徐彬淮) has been appointed as an executive Director, the president, the Authorised Representative, the chairman of the environmental, social and governance committee and the agent for the service of process in Hong Kong of the Company with effect from 10 October 2023.

Mr. Huang Peng (黃鵬) has been appointed as the executive president and Chief Strategy Officer of the Company with effect from 10 October 2023. Please refer to the announcement of the Company dated 10 October 2023 for further details.

(1) Announcement Pursuant to Rule 3.7 of the Takeovers Code in Relation to the Possible Acquisition of Hopefluent Shares by CG Property Services HK from China-net Holding Ltd. and (2) Issue of New Hopefluent Shares by Hopefluent under Specific Mandate

On 6 November 2023 (after trading hours), CG Property Services HK, Mr. Fu Wai Chung (an executive director and controlling shareholder of Hopefluent Group Holdings Limited ("**Hopefluent**")), China-net Holding Ltd. (a company wholly-owned by Mr. Fu Wai Chung and a substantial shareholder of Hopefluent) and Hopefluent entered into a strategic cooperation agreement (the "**Strategic Cooperation Agreement**") in respect of the possible acquisition of 71,640,000 Hopefluent shares by CG Property Services HK (as potential purchaser) from China-net Holding Ltd. (as potential vendor) (the "**Possible Acquisition**") and the subscription for 26,966,000 new Hopefluent shares by CG Property Services HK (as subscriber) from Hopefluent (as issuer) (the "**Subscription**"). Please refer to the joint announcement of the Company and Hopefluent dated 6 November 2023 for further details.

Inside Information on Asset Impairment

An assessment on the expected credit losses for trade receivables from related parties and impairment testing of goodwill have been conducted by the Company on 18 December 2023 in accordance with the Hong Kong Financial Reporting Standards respectively, based on the unaudited consolidated management accounts of the Group for the eleven months ended 30 November 2023, and impairment provisions are to be made for assets with impairment indicators in accordance with the results of the assessment and impairment testing: (1) out of the principle of prudence, an impairment provision from approximately RMB1,800 million to RMB2,300 million has been made for the trade receivables due from the related parties of the Group; and (2) an impairment from approximately RMB1,400 million to RMB1,800 million has been made for the goodwill and other intangible assets of the Group. The asset impairment will not have any impact on the cash flow for the operation of the Group. For details, please refer to the announcement of the Company dated 18 December 2023.

(1) Renewal of Continuing Connected Transactions (A) the 2023 Framework Agreements and (B) the 2023 Property Lease Framework Agreement, and (2) Termination of Certain Leases under the Existing Property Lease Framework Agreement

References are made to the announcements dated 4 December 2020, 13 April 2021 and 12 July 2022 and circular dated 7 December 2020, in relation to, among other things, certain continuing connected transactions between the Group and CGH Group under the existing framework agreements (the "**Existing Framework Agreements**").

Since the Existing Framework Agreements expired on 31 December 2023 and it is expected that the Group will continue to enter into similar transactions from time to time thereafter, the Company and CGH have entered into: (1) the 2023 Property Management Services Framework Agreement; (2) the 2023 Non-property Owner Value-added Services Framework Agreement; and (3) 2023 Hotel, Engineering and Transportation Services Framework Agreement (as defined below in the section headed "Continuing Connected Transactions with CGH") (collectively, the "**2023 Framework Agreements**") on 29 December 2023 (after trading hours).

Since the existing property lease framework agreement entered into on 13 April 2021 and revised on 12 July 2022 expired on 31 December 2023 and it was expected that members of the Group will continue to enter into short-term leases with members of the CGH Group from time to time thereafter, on 29 December 2023 (after trading hours), the Company entered into the 2023 Property Lease Framework Agreement (as defined below in the section headed "Continuing Connected Transactions with CGH"). The Group shall acquire no new right-of-use assets pursuant to the 2023 Property Lease Framework Agreement or the existing property lease framework agreement.

On 29 December 2023 (after trading hours), the Company entered into the property lease termination confirmation letter with CGH (the "**Property Lease Termination Confirmation Letter**"), pursuant to which the parties agreed to terminate certain long-term individual lease contracts (which were entered pursuant to the existing property lease framework agreement) on 31 December 2023. For details, please refer to the announcement of the Company dated 29 December 2023.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Ms. Yang Huiyan (楊惠妍), aged 42, 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, a member of the remuneration committee and the environmental, social and governance committee (as appointed on 3 April 2024) of the Company, as well as a director of certain members of the Group. Ms. Yang is a controlling shareholder of the Company.

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 subsidiaries 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. Xu Binhuai (徐彬淮), aged 45, was appointed as an Executive Director, the president, the authorised representative, a chairman of the environmental, social and governance committee and the agent for the service of process in Hong Kong on 10 October 2023 and is primarily responsible for the overall strategic decision-making, business planning and major operational decision-making of the Group.

Mr. Xu was appointed as the vice president and the Chief Strategy Officer of the Company successively from October 2016 to October 2023 and was primarily responsible for business innovation strategic planning, operation management, digital management, intelligent manufacturing and community life service business operation. Mr. Xu has also been directors and managers of certain members of the Group.

Prior to joining the Group, 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 as manager of sales performance team and regional sales and marketing planning manager, where he was mainly responsible for sales planning and performance management from November 2004 to February 2010. 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 March 2010 to October 2012. 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 business consulting services to transportation, logistics, tourism, public service sectors and other sectors from November 2012 to February 2016. Mr. Xu joined CGH as the deputy general manager of the 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’s degree in macromolecular material and engineering. He graduated from the University of Hong Kong in November 2016, where he obtained a master’s degree in business administration.

Mr. Xiao Hua (肖華), aged 46, was appointed as an Executive Director on 9 March 2018. He has been the vice president of CG Life Services since February 2013 and was appointed as a member of the senior management of the Company on 3 April 2024. 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 Limited, and its subsidiaries 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) ("**Baoshihua**") and its subsidiaries while serving as the vice president of CG Life services, participating in the overall management of Baoshihua.

Mr. Mei Wenjue (梅文珏), aged 54, 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) 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 and an independent non-executive director of the board at CGH from May 2013 to March 2018. 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's degree of English language and literature in June 1994 and a master's degree of administrative management in June 2001. He also received a master's 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 56, 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 qualified 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 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, 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) from April 2017 to June 2023 and 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) from June 2020 to June 2023. From June 2021 to August 2021, he was also an independent non-executive director of Justbon Services (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 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 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's degree in international economics. He also received a master's degree of science in economics from Oklahoma State University in the United States as well as a master's degree in business administration 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 53, 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. He was further appointed as a member of the environmental, social and governance committee of the Company on 3 April 2024.

Mr. Chen served as 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 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) 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 Exchange (stock code: BLCT), which withdrawn from listing in August 2022, from January 2021 to August 2022, an independent director of WPG Holdings Limited (大聯大控股股份有限公司, formerly known as 大聯大投資控股股份有限公司), a company listed on the Taiwan Stock Exchange (stock code: 3702) from June 2020 to May 2023 and 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) from July 2017 to November 2023.

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 Opple Lighting Co., Ltd. (歐普照明股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603515), 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) and an independent non-executive director of Vision Deal HK Acquisition Corp., a special purpose acquisition 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's degree in business administration. In January 1996, he graduated from Tamkang University (淡江大學) in Taiwan, where he obtained a master's degree in business administration. He received a doctor of philosophy in strategic management from Purdue University in the United States in December 2003.

Mr. Zhao Jun (趙軍), aged 62, was appointed as an Independent Non-executive Director on 3 April 2024 and is responsible for providing independent advice to the Board. Mr. Zhao is also a member of the audit committee, the nomination committee and the environmental, social and governance committee of the Company.

Mr. Zhao has been the executive director and the manager of China Fellow Partners Limited (北京复樸道和投資管理有限公司) since 2015. He also currently serves as an independent director of Bright Scholar Education Holdings Limited (博實樂教育控股有限公司), a company listed on the New York Stock Exchange (stock code: BEDU), and Gansu Jingang Solar Co. Ltd. (甘肅金剛光伏股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300093.SZ). In addition, he previously worked for Chinavest Services Limited (中國創業投資服務有限公司) and DT Capital Management Company Limited (德同資本管理有限公司). From January 2015 to August 2021, Mr. Zhao served as an independent non-executive director of China Merchants Bank Co., Ltd. (招商銀行股份有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 3968) and the Shanghai Stock Exchange (stock code: 600036.SH).

Mr. Zhao graduated with a bachelor's degree in engineering in marine engineering specialty from Harbin Engineering University (formerly known as Harbin Shipbuilding Engineering Institute) of the PRC in July 1983. He also received a master's degree in engineering from Shanghai Jiao Tong University of the PRC in May 1986, a doctor of philosophy degree in civil engineering from the University of Houston in the United States in June 1993 and a master's degree in business administration from Yale School of Management in the United States in May 2000.

SENIOR MANAGEMENT

Mr. Huang Peng (黃鵬), aged 40, was appointed as the executive president of the Company on 10 October 2023. He has been the chief financial officer since September 2016 and a joint company secretary of the Company since March 2018 till 3 April 2024. He is primarily responsible for the implementation and management of new strategic incubation business (i.e. city services, commercial operational services, Three Supplies and Property Management, real estate agency services, asset management and other new businesses), financial management, strategic and significant investment management of the Group at present. Mr. Huang also serves as directors and supervisors 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 is currently taking the course for Executive Master of Business Administration (EMBA) at Cheung Kong Graduate School of Business in the PRC. 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. Xiao Hua(肖華), aged 46, was appointed as a senior management of the Company on 3 April 2024. For details of Mr. Xiao Hua, please refer to the section headed "Biographical Details of Directors and Senior Management – Mr. Xiao Hua".

Mr. Guo Zhanjun (郭戰軍), aged 44, was appointed as an Executive Director on 9 March 2018 until his resignation on 3 April 2024. He has also been the vice president of CG Life Services since he joined the Group in August 2017 and was appointed as the senior manager of the Company on 3 April 2024. Mr. Guo is primarily responsible for overall management of human resources and coordinating market management of the Group. Mr. Guo is also a member of the environmental, social and governance committee of the Company until his resignation on 3 April 2024. Mr. Guo is also 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 resources 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 has also been a non-executive director of Justbon Services.

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

Mr. Chen Fenghua (陳風華), aged 44, was appointed as senior manager of the Company on 3 April and is the vice president and director of CG Life Services, a subsidiary of the Company, and the chairman, executive director and president of Justbon Services, a subsidiary of the Company, and is primarily responsible for the overall management of Justbon Services. Mr. Chen also serves as a director of various subsidiaries of the Group.

Mr. Chen has approximately 21 years of work experience in the property management industry. He joined CG Life Services in July 2003 and has been engaged in various types of property management projects and served as the person in charge of multiple projects and regions of CG Life Services. Mr. Chen was promoted to the position of vice president of CG Life Services in September 2018, and was responsible for the overall management of the quality of the Group's property management services from September 2018 to June 2021. Mr. Chen has been responsible for the overall management of Justbon Services since June 2021. Mr. Chen has served as a member of the Standardization Working Committee of the Guangdong Property Management Industry Institute* (廣東省物業管理行業協會標準化工作委員會) since April 2019, a member of the Standardization Working Committee of the China Property Management Institute* (中國物業管理協會標準化工作委員會) since July 2019, a deputy director of the Social Life (Residential) Property Intelligent Service Professional Committee of the Guangdong Property Management Association* (廣東省物業管理行業協會社會生活(住宅)物業智慧服務專業委員會) since December 2020. He has been a member of the property management expert think tank of South China University of Technology since June 2021, a vice president of the Sichuan Real Estate Industry Association* (四川省房地產業協會) since August 2021, a vice chairman of the Property Management Committee of the Sichuan Real Estate Association* (四川省房地產業協會物業管理專委會) since June 2022, and a member of the High-quality Development Advisory Committee of Sichuan Real Estate Industry*（四川省房地產業高品質發展諮詢委員會） since August 2023.

Mr. Chen obtained a junior college diploma in property management from the Open University of China in July 2017.

Mr. Zhu Xinxing (朱新星), aged 41, was appointed as senior manager of the Company on 3 April 2024 and is the vice president and director of CG Life Services, a subsidiary of the Company. Mr. Zhu is primarily responsible for the overall management of Link Joy Holdings Group Co., Limited ("**Link Joy Holdings**"), a subsidiary of the Company. He also serves as a director and/or president of a subsidiary of Link Joy Holdings and certain subsidiaries of the Company.

Mr. Zhu has approximately 22 years of work experience in the property management industry. He joined CG Life Services in June 2002, and has been engaged in various types of property management projects and served as the person in charge of multiple projects and regions of CG Life Services. He was responsible for the overall management of Hainan regional business of CG Life Services from June 2017 to February 2022, the overall management of Guizhou regional business of CG Life Services from May 2020 to September 2021, and the overall management of Hunan regional business of CG Life Services from October 2018 to date. Mr. Zhu was promoted to the position of vice president of CG Life Services in July 2020, and has been responsible for the overall management of Link Joy Holdings since October 2021.

Mr. Zhu graduated from Tangshan College of Science and Technology* (唐山科技專修學院) and obtained a bachelor's degree in economic management.

JOINT COMPANY SECRETARIES

Mr. Leung Chong Shun (梁創順), aged 58, 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 four other companies listed 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).

Mr. Leung graduated from the University of Hong Kong, where he obtained a bachelor's 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. Mr. Leung has been further qualified as a Greater Bay Area Lawyer in 2023.

Mr. Chen Dilin (陳迪霖), aged 38, was appointed as a joint company secretary on 3 April 2024. He joined the Group in March 2024 and serves as the vice president of CG Life Services, a subsidiary of the Company. Mr. Chen conducted audit and financial due diligence when working at PricewaterhouseCoopers, and has over four and a half years of experiences in mergers and acquisitions, listing advisory and private equity investment in certain renowned financial institutions thereafter. Afterwards, he also gained over eight years of work experiences in capital operations, corporate governance, and new business development in a company listed on the Stock Exchange. Mr. Chen graduated from the University of International Business and Economics of the PRC in July 2008, where he obtained a bachelor's degree in management. He became an affiliate member of the Association of Chartered Certified Accountants of the United Kingdom in June 2008. Mr. Chen has also obtained the Chinese Legal Professional Qualification in the PRC in June 2023.

Note: In July 2023 and August 2023, Mr. Yuan Hongkai (袁鴻凱) and Mr. Li Ka Lun (李家麟), senior management, resigned as senior management of the Company due to personal career development reasons, and Mr. Yuan and Mr. Li no longer hold any position in the Group after their resignation.

* For identification purpose only

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

The Group deeply understands the important role that its Board plays in providing effective leadership and guidance for the businesses of the Group and ensuring the transparency and accountability of the operation of the Group, and knows very well that sound corporate governance will lead the Group towards success and help add value to the Shareholders. Therefore, the Board consistently strives to maintain a high level of business ethics, a healthy corporate culture and sound corporate governance by formulating and implementing corporate governance policies and practices that are in line with the behavior and growth of the businesses of the Group. The Company has adopted the code provisions set out in the Corporate Governance Code of the Stock Exchange as its own code of corporate governance.

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 C3 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 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 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. The management is responsible for the daily management and operation of the Group's business and the implementation of business policies and strategies approved by the Board.

Board Composition

As at 31 December 2023, the Board comprised seven Directors, including three executive Directors (namely Mr. Xu Binhuai (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. Xu Binhuai *(President) (appointed on 10 October 2023)* Mr. Li Changjiang *(President) (resigned on 10 October 2023)* Mr. Xiao Hua Mr. Guo Zhanjun *(resigned on 3 April 2024)*
Non-executive Director:	Ms. Yang Huiyan *(Chairman)*
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. 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 that between the chairman and the president), 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 of his independence to the Group from each independent non-executive Director 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 advice 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 inspection on 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 then Directors, being Ms. Yang Huiyan, Mr. Xu Binhuai, 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 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 requirements 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. Xu Binhuai *(President)*	1, 2	A, B
Mr. Xiao Hua	1, 2	A, B
Mr. Guo Zhanjun *(resigned on 3 April 2024)*	1, 2	A, B
Non-executive Director:		
Ms. Yang Huiyan *(Chairman)*	1, 2	A, B
Independent Non-executive Directors:		
Mr. Mei Wenjue	1, 2	A, B
Mr. Rui Meng	1, 2	A, B
Mr. Chen Weiru	1, 2	A, B

Note 1:

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

2 Reading newspapers, journals and updates

Note 2:

A. Businesses relating to the Company

B. Laws, rules and regulations, accounting standards

Appointment and Re-Election of Directors

Under the requirements 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) with the Company for a term of three years. All of them are subject to retirement and re-election in accordance with 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/her 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 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 by rotation 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 Board 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 to discuss and determine the Group's strategies, set directions, and monitor the performance of the Group. Notice of not less than 14 days is given to all Directors before convening all regular board meetings. Each Director can access the advice and services of the company secretary(ies) 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 three days prior to the respective date of the meetings.

A substantial Shareholder or a Director, who has declared to have a conflict of interest in the proposed transactions or matters 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 eight Board meetings were held to consider, among other things, various transactions contemplated by the Group and review and approve the interim results and annual results of the Group.

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

Attendance Records of the Directors

The attendance records of the Directors at the Board meetings, the Board committees' meetings and the general meetings held during the Year are set out below:

Directors	Attended/Eligible to attend during the year ended 31 December 2023 Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Environmental, Social and Governance Committee Meeting	General Meeting
Executive Directors:						
Mr. Xu Binhuai *(President)* (appointed on 10 October 2023)[1]	3/4	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Mr. Li Changjiang *(President)* (resigned on 10 October 2023)[1]	4/4	Not applicable	Not applicable	Not applicable	1/1	1/1
Mr. Xiao Hua	8/8	Not applicable	Not applicable	Not applicable	1/1	1/1
Mr. Guo Zhanjun	8/8	Not applicable	Not applicable	Not applicable	1/1	1/1
Non-executive Director:						
Ms. Yang Huiyan *(Chairman)*[2]	7/7	Not applicable	2/2	2/2	Not applicable	1/1
Independent Non-executive Directors:						
Mr. Mei Wenjue	8/8	3/3	2/2	Not applicable	Not applicable	1/1
Mr. Rui Meng	8/8	3/3	Not applicable	2/2	Not applicable	1/1
Mr. Chen Weiru	8/8	3/3	2/2	2/2	Not applicable	1/1

Note:

1. Mr. Li Changjiang has resigned as an executive Director, president, authorized representative, chairman of the environmental, social and governance committee and agent for service of process in Hong Kong with effect from 10 October 2023. Mr. Xu Binhuai has assumed the position of executive Director and president and has been appointed as the chairman and a member of the aforesaid Board committee to succeed Mr. Li Changjiang with effect from 10 October 2023. Mr. Xu Binhuai was absent from the Board meeting on 18 December 2023 due to other important commitments and the number of Board meetings he should have attended during the reporting period was four.

2. As Ms. Yang Huiyan is a controlling shareholder of CGH, at the Board meeting of the Group held on 29 December 2023 to consider certain continuing connected transactions with CGH, she abstained from voting on the resolution approving the continuing connected transactions in order to avoid any conflict of interest. Therefore, the number of Board meetings Ms. Yang Huiyan should have attended during the reporting period was seven. For details of such continuing transactions, please refer to the announcement of the Company dated 29 December 2023.

Chairman and President

Ms. Yang Huiyan is the Chairman. Mr. Xu Binhuai (appointed on 10 October 2023) and Mr. Li Changjiang (resigned on 10 October 2023) is and was the president of the Company respectively. The roles of the Chairman and the president are segregated. Ms. Yang, Mr. Xu 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 a 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) pursuant to the applicable code provisions set out in the Corporate Governance Code. All the Board committees should report to the Board on their decisions or recommendations made.

Audit Committee

The Audit Committee currently comprises all four independent non-executive Directors, namely Mr. Rui Meng, who acts as the chairman, Mr. Mei Wenjue, Mr. Chen Weiru and Mr. Zhao Jun, who was appointed on 3 April 2024.

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 procedures 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 2022, the interim results and interim report for the period ended 30 June 2023, the financial reporting and compliance procedures, connected transactions, report on entrusted financial management status, internal control report, the remuneration of external auditor, a pre-approval policy for non-assurance services of external auditor and other matters.

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 duly discharged the above duties. The attendance record 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; and (iii) making recommendations to the Board on the remuneration packages of individual Directors and senior management.

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

During the Year, the Remuneration Committee held two meetings and duly discharged the above duties. In particular, the Remuneration Committee reviewed and recommended to the Board on the disclosures of remuneration and services agreement of Directors in its 2022 Annual Report and 2023 Annual General Meeting Circular, the implementation under the Share Option Scheme, the emoluments of the executive Directors, president, authorised representatives, the chairman of the Environmental, Social and Governance Committee, and agent for service of process in Hong Kong, and the emoluments of the executive president and Chief Strategy Officer and their service contract terms as well as approved the implementation. During the Year, no options were granted to the Directors and senior management of the Company subject to the conditions as set out in Rule 17.03F and Rules 17.06B(7) and (8) of the Listing Rules. Details of the emoluments of Directors paid for the year ended 31 December 2023 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 39(a) to the consolidated financial statements.

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

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

RMB	Number of members of senior management
0,000,000 to 1,000,000	1
1,000,001 to 3,000,000	2

Nomination Committee

The Nomination Committee currently comprises four members, including one non-executive Director, namely Ms. Yang Huiyan, who acts as the chairman, and three independent non-executive Directors, namely Mr. Rui Meng, Mr. Chen Weiru and Mr. Zhao Jun, who was appointed on 3 April 2024.

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 two meetings and duly discharged the above duties. In particular, 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, the arrangements for retirement and re-election of Directors at the forthcoming annual general meeting, the nomination of executive Director, president, authorised representative, chairman of the Environmental, Social and Governance Committee and agent for the service of process in Hong Kong, and the nomination of chief executive officer and chief strategy officer. The attendance record of individual Directors at the Nomination Committee meetings is listed under the section headed "**Attendance Records of the Directors**" above on a named basis.

The nomination policy was 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 Nomination 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 that the Board members have 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. Achievements and experience among 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 are 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 circular to the Shareholders, 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) other than those candidates set out in the Shareholder circular as a Director, without the Board's recommendation or the Nomination Committee's nomination. 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 rests 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 five members, including two executive Directors, namely Mr. Xu Binhuai (acting as the chairman), and Mr. Xiao Hua; one non-executive Director, namely Ms. Yang Huiyan (appointed on 3 April 2024); and two independent non-executive Directors, namely Mr. Chen Weiru and Mr. Zhao Jun (both appointed on 3 April 2024). 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 ESG policies passed by the Board; (b) supervising and reviewing the work of the Group's ESG working group and evaluating the Group's ESG performance, and reporting to the Board; (c) supervising the assessment of the environmental and social impact of the Group's business and making recommendations to the Board, etc.

During the Year, the Environmental, Social and Governance Committee held one meeting and duly discharged the above duties. The attendance record of individual Directors at the Environmental, Social and Governance Committee meetings 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, reviewing and monitoring the policies and practices on 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.

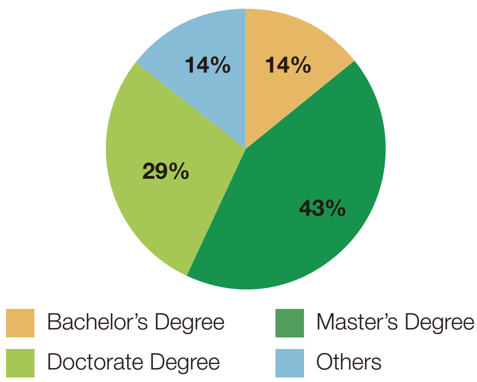
Summary of the Board Diversity Policy

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, experience, skills, knowledge and length of services, etc. The Board, through the Nomination Committee, monitors and reviews (if appropriate) the implementation and effectiveness of the Board Diversity Policy on an annual basis.

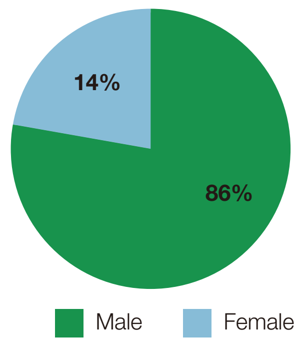
The Company seeks to achieve Board diversity taking into account of a number of factors, including but not limited to, educational background, gender, age, skills and knowledge. The ultimate selection decision will be based on merits of the candidates and contribution to the Board.

As at 31 December 2023, an analysis of the Board composition based on the range of diversity perspectives is set out as follows:

Educational background (highest)

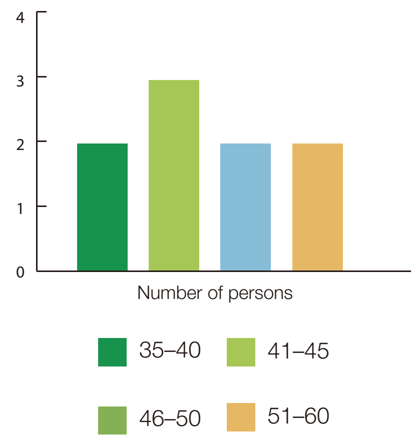


Gender



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 is mindful of the factors for assessing the candidacy of the Board members, and will ensure that any successors to the Board shall follow the Board Diversity Policy. Similar considerations shall also be in place to assess the candidacy of the senior management team from time to time. The Board will, by inviting existing Directors to recommend suitable candidates, engaging independent professional search firm(s) to help identify potential candidates for independent non-executive Directors, and other means, continue to take opportunities to increase the proportion of female members as and when suitable candidates are identified in the future. The Company is determined to enhance the diversity of the Board to achieve gender equality in respect of the 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 2023, the Company has 213,712 employees in total comprising of approximately 93,885 females and 119,827 males (a male-to-female ratio of 14:11), achieving balanced gender diversity in general and reflecting a gender equality principle generally adhered by the Company. The Group strives to form a diversified and inclusion work environment and values the representation of female members among senior management. The percentage of female members in the core senior management team of CG Life Services, an entity operating by the Group in PRC, was 35%, leveraging "she-power" in the workplace. 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 Group. Further details 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 have 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 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, oversees 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.

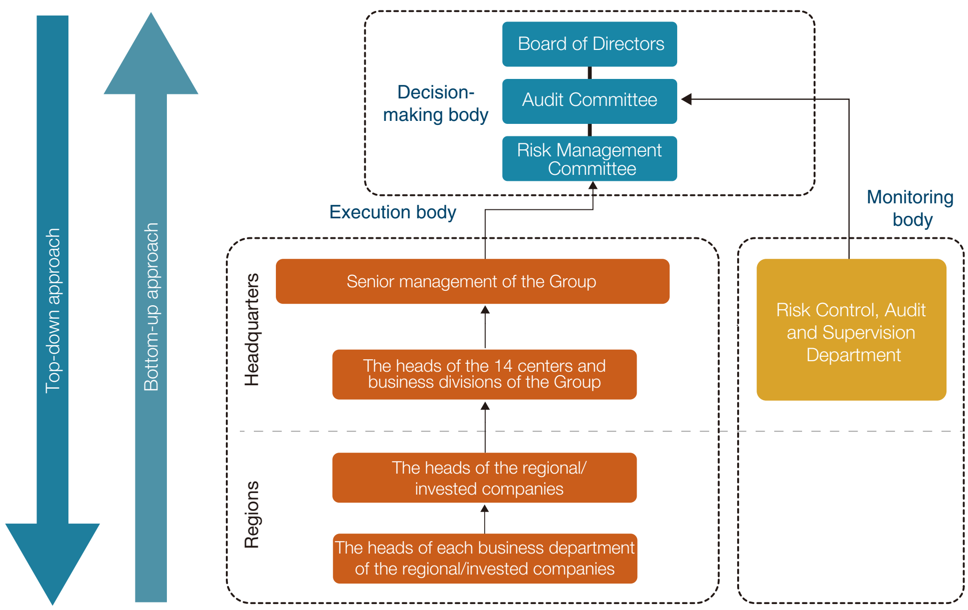
Such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve the business objectives and to only provide reasonable rather than absolute assurance that there will be no material misstatement or loss.

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) **Update and 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 headquarters/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 headquarters 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

2) **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 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.

3) **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 enhanced the efficiency and standardization of its operation.

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

4) **Update the risk management information database:** The Company has, based on changes in the internal and external environments and business development, collated and compiled information on various types of risks that may affect the Company's achievement of its goals and updated the Company's risk management information database in order to improve the accuracy and applicability of risk identification, and assess the effectiveness of previous risk control measures.

5) **Determine the frequency of risk management review:** to determine the frequency of the risk assessment and reporting of the Company (at least once a year), and to standardize the form and frequency of the report with above key elements through the Risk Management System Standards of CG Services Group (《碧桂園服務集團風險管理體系標準》).

2. Implementation of corporate risk assessment in 2023

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.

In 2023, based on the development keynote of "Strengthening the Foundation for a Stable and Promising Future", 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.

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 half 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 headquarters, 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 2023, the management conducted an internal control review and internal audit on key business processes and operation of our subordinate regions and invested companies, and formulated improvement plans to address the gaps and weaknesses identified in the process. The internal auditing function of the Company has also conducted follow-up reviews periodically to ensure remedial actions being 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 Group 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.

The Group's internal disciplinary rules on the Company's red line and clean business practices were promoted to all employees (including new recruits) through daily meetings, specialised training, online courses, etc. During the Year, the Company held an integrity culture festival, at which the Company promoted the culture of integrity by facilitating employees to sign the undertaking letter of interest conflicts and the undertaking letter of integrity, and hold the knowledge competition on integrity culture and select the "Integrity Characters", etc., thereby enhancing employees' awareness of integrity and moral quality and creating a corporate culture of integrity, fairness and transparency.

In addition, the Group has adopted and approved the amendments to the Supervision and Management System and the Measure for Whistleblower Protection and Management in 2023, as the anti-corruption policy and whistle-blowing policy of the Group, which stipulate the confidentiality and avoidance requirements of the personnel who handle the cases, emphasise on the management of the protection of whistleblowers' privacy, and strengthen the mechanism of confidentiality constraints.

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 2023 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 2023, 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

As at 31 December 2023, the Joint Company Secretaries of the Company were Mr. Huang Peng, the executive president and Chief Financial Officer of the Company, and Mr. Leung Chong Shun, a practicing solicitor and an 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.

Mr. Huang Peng resigned from his position as the Joint Company Secretary with effect from 3 April 2024 in order to devote more time on his duties as the executive president and chief financial officer of the Company. Following Mr. Huang's ceasing to serve as the Joint Company Secretary, Mr. Chen Dilin has been appointed as the Joint Company Secretary with effect from 3 April 2024.

In relation to the appointment of Mr. Chen as the Joint Company Secretary, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules for a period of three years from the effective date of Mr. Chen's appointment as a Joint Company Secretary on the grounds that the Company will continue to engage Mr. Leung, the other current Joint Company Secretary who possesses the relevant professional qualifications of company secretary required under Rules 3.28 and 8.17 of the Listing Rules, to provide assistance and guidance to Mr. Chen in discharging his duties as one of the Joint Company Secretary. For details of the appointment, please refer to the announcement of the Company dated 3 April 2024.

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:

Types of services provided by the external auditor	Amount (RMB'000)
– 2023 interim financial report	
Professional review service	3,400
– 2023 annual financial statements	
Professional audit service	10,450
– Non-audit services	1,140
– Tax compliance consulting service	450
– Corporate governance consulting service	394
– ESG consulting service	296
Total:	14,990

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

Constitutional Documents

During the Year, the adoption of the new Memorandum and Articles of Association was approved by the Shareholders at the general meeting held on 25 May 2023, the latest versions of which are available on the Company's website (www.bgyfw.com) and the website of 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 reserves 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 the 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 from July 2020, and has revised the policy on 29 December 2022, which sets out the Company'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 remained effective. 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. The 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 Meeting

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

Shareholders' Rights

To safeguard the 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. The 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/herself (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 Act, 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. The 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 different communication channels with its Shareholders, which 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.

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

For the avoidance of doubt, the 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 the 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). The Shareholders may refer to the Articles of Association for further details of the rights of Shareholders.

All resolutions put forward at the general 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 general meetings.

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 the Shareholders are created.

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

REPORT OF THE DIRECTORS

The Board is pleased to present the audited consolidated financial statements of the Group for the year ended 31 December 2023.

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 2023 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 2023 are set out in the consolidated statement of comprehensive income on page 106.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2023 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	16 to 35
b.	Description of the principal risks and uncertainties facing the Company	Management Discussion and Analysis	16 to 35
c.	Particulars of important events affecting the Company that have occurred following the end of the year ended 31 December 2023	Report of the Directors	79
d.	Indication of likely future development in the Company's business	Chairman's Statement and Management Discussion and Analysis	12 to 14 and 16 to 35
e.	Analysis using key financial performance indicators	Financial Summary and Management Discussion and Analysis	15 and 16 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 2023" (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	16 to 35 and 63 to 99
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	16 to 35 and 63 to 99

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Directors recommended the payment of a final dividend of RMB2.19 cents (2022: RMB14.40 cents per Share) per Share for the year ended 31 December 2023 and a special dividend of RMB27.27 cents (2022: RMB22.81 cents per Share) per Share in the form of cash to the Eligible Shareholders as a token of appreciation to all Shareholders for their continuous support to and trust in the Company.

The proposed final dividend and special dividend shall be declared in RMB and paid in HKD. The final dividend and special dividend paid in HKD will be calculated based on the average middle rate of RMB against HKD as announced by the People's Bank of China from Wednesday, 12 June 2024 to Tuesday, 18 June 2024. It is expected that the final dividend warrants and special dividend warrants will be despatched to the Eligible Shareholders on or around Monday, 30 September 2024 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 2023 are set out in note 27 to the consolidated financial statements of the Group.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2023 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 2023 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 2023 are set out in note 33 to the consolidated financial statements of the Group.

EQUITY LINKED AGREEMENT

Save as disclosed in the section headed "**Share Option Scheme**" and the paragraphs of "**Acquisition of Shares of Everjoy Services Company Limited**" under the section headed "**Disclosure Pursuant to Rule 14.36b of the Listing Rules**", 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 2023.

DONATIONS

The total donations made by the Group during the year ended 31 December 2023 amounted to approximately RMB2,107,000 (2022: approximately RMB3,910,000).

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "**Connected Transactions and Continuing Connected Transactions**", "**Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations**" and "**Share Option Scheme**", 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 2023.

DISTRIBUTABLE RESERVES

As at 31 December 2023, the distributable reserves of the Company amounted to approximately RMB3,347,096,000 (2022: approximately RMB3,390,478,000). Details of the movements in reserves of the Company during the year ended 31 December 2023 are set out in note 38 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 15 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2023, the percentage of purchases attributable to the five largest suppliers combined of the Group, and the percentage of revenue from sales of goods or rendering of services attributable to the five largest customers combined of the Group are both below 30%.

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

As at 31 December 2023, Ms. Yang Huiyan, our ultimate controlling shareholder, the chairman of the Board and a non-executive Director, owned a total of 51.94% interest in CGH. The CGH Group is one of the Group's 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.

Mr. Chen Weiru, Independent Non-executive Director

In May 2023, Mr. Chen ceased to be an independent director of the board at WPG Holdings Limited (大聯大控股股份有限公司, formerly known as 大聯大投資控股股份有限公司), a company listed on the Taiwan Stock Exchange (stock code: 3702).

In November 2023, Mr. Chen ceased to be 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).

In November 2023, Mr. Chen was appointed as an independent director of the board at Opple Lighting Co., Ltd. (歐普照明股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603515).

Mr. Rui Meng, Independent Non-executive Director

In June 2023, Mr. Rui ceased to be 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).

In June 2023, Mr. Rui ceased to be 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).

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 2023 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 2023 and up to the date of this report are as follows:

Executive Directors
Mr. Xu Binhuai *(President) (appointed on 10 October 2023)*
Mr. Li Changjiang *(President) (resigned on 10 October 2023)*
Mr. Xiao Hua
Mr. Guo Zhanjun

Non-executive Director
Ms. Yang Huiyan *(Chairman)*

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

On 10 October 2023, Mr. Li Changjiang resigned from his position as an executive Director, the president, the authorised representative, the chairman of the ESG committee and the agent for the service of process in Hong Kong of the Company in order to devote more time to his family, children's education and other personal affairs. On the same day, Mr. Xu Binhuai has been appointed as an executive Director, the president, the authorized representative, the chairman of the ESG committee and the agent for service of process in Hong Kong of the Company. He has signed the Declaration and Undertaking with regard to Directors (Form B) in accordance with the then applicable Listing Rules and confirmed that he understood his obligations as a Director of the Company.

In accordance with article 83(3) and article 84(1) of the Articles of Association, Mr. Xu Binhuai, Mr. Xiao Hua and Mr. Mei Wenjue shall retire from office and, being eligible, offer themselves for re-election at the 2024 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

On 10 October 2023, Mr. Xu Binhuai entered into a service agreement with the Company for a term of three years commencing on 10 October 2023.

As at the date of this report, save as disclosed above, each of other 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 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 2024 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 "**Connected Transactions and 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 2023.

MATERIAL CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the section headed "**Connected Transactions and Continuing Connected Transactions**", there was no material contract entered into between the Company or any of its subsidiaries and its controlling shareholders, and there was no material contract involving the provision of services by the controlling shareholders or any of its subsidiaries to the Company or any of its subsidiaries at any time during the year ended 31 December 2023.

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 2023.

INTERESTS OF DIRECTORS AND THEIR ASSOCIATES IN COMPETING BUSINESS

During the year ended 31 December 2023, 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, which was required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

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 forming an integrated service offering to the customers and covering 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 18 March 2024, in which Ms. Yang Huiyan, the controlling shareholder, confirmed that, during the year ended 31 December 2023, 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 2023, 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 2023 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 those of the five highest paid individuals of the Group for the year ended 31 December 2023 are set out in note 9(b) and note 39 to the consolidated financial statements of the Group. Details of the emoluments of senior management by band for the year ended 31 December 2023 are set out in section headed "Remuneration Committee" in the Corporate Governance Report in this annual report.

The emoluments of individual Directors (including salaries and other benefits) are recommended by the Remuneration Committee of the Company for the Board's approval in accordance with the Emolument Policy of Directors and Senior Management and 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.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

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

(1) Connected transactions

On 29 December 2023 (after trading hours), the Company entered into the Property Lease Termination Confirmation Letter with CGH, pursuant to which the parties agreed to terminate certain long-term individual lease contracts (which were entered pursuant to the existing property lease framework agreement entered into between the Company and CGH on 13 April 2021) on 31 December 2023. CGH is a connected person of the Company. Please refer to the relevant explanation in "**(2) Continuing Connected Transactions**" for the connected relationship of CGH.

In consideration of the Group's overall business development strategy, the subsidiaries of the Company plan to early terminate the specific property leasing contracts signed with the CGH Group for the commercial projects, which will help reduce the reliance on connected persons for the commercial management business. The Group plans to invest more efforts on the expansion of the commercial management business of the external market, rely on third-party forces to achieve the long-term development of the Group, and continue to maintain the independence of the commercial management business.

On the basis that the termination date is 31 December 2023, the decrease in the value of right-of-use asset recognised by the Group under the Property Lease Termination Confirmation Letter amounted to approximately RMB1,104 million. For details, please refer to the announcement of the Company dated 29 December 2023.

(2) Continuing Connected Transactions

Continuing Connected Transaction with the Bright Scholar

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 annual caps (excluding tax) of the transactions contemplated under the 2020 Bright Scholar Property Management Services Framework Agreement for each of the three years ended 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 considered that 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 2023, a total amount of approximately RMB1.36 million was payable by the Bright Scholar Group to the Group under the 2020 Bright Scholar Property Management Services Framework Agreement, all of which was recognized as revenue by the Company in accordance with the policy set out in note 5(c) to the consolidated financial statements, which did not exceed the cap of RMB18 million.

Continuing Connected Transactions with CGH

Since CGH is a majority-controlled company indirectly held by Ms. Yang Huiyan, the Chairman of the Board, a non-executive Director and the controlling 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 considered that 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, the Chairman of the Board, 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 Management Services Framework Agreement*

On 4 December 2020, the Company entered into a property management services framework agreement (the "**2020 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, for a term of three years commencing on 1 January 2021 until 31 December 2023. The annual caps (excluding tax) of the transactions contemplated under the 2020 Property Management Services Framework Agreement for each of the three years ended 31 December 2023 are RMB416 million, RMB493 million and RMB571 million, respectively.

The Company cooperated with CGH though the 2020 Property Management Services Framework Agreement, which could generate great synergies, and further promote the business growth of the Group.

Since the 2020 Property Management Services Framework Agreement expired on 31 December 2023 and it is expected that the Group will continue to enter into similar transactions from time to time thereafter, the Company and CGH have renewed the 2020 Property Management Services Framework Agreement on 29 December 2023 (the "**2023 Property Management Services Framework Agreement**") for a term of three years commencing on 1 January 2024 until 31 December 2026. The annual caps (excluding tax) of the transactions contemplated under the 2023 Property Management Services Framework Agreement for each of the three years ending 31 December 2026 are RMB440 million, RMB410 million and RMB370 million, respectively.

Since the incorporation of the Group, the Group has maintained business partnership with the CGH Group and provided property management services for the property owners of its property projects. The Group is a leading service provider in comprehensive property management in the PRC with diversified business focuses. The entry into of the 2023 Property Management Services Framework Agreement will help the Group to continue to obtain contracts for preliminary property management services for property projects developed by the CGH Group and provide satisfactory services to the property owners. The payment terms of the 2023 Property Management Services Framework Agreement are conducive to the Group's control over the scale of its receivables and management of financial resources.

For details of the 2020 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. For details of the 2023 Property Management Services Framework Agreement, please refer to the announcement of the Company dated 29 December 2023.

During the year ended 31 December 2023, the total property management service fee payable by the CGH Group to the Group was approximately RMB285.39 million (of which approximately RMB219.78 million was recognized as revenue by the Company in accordance with the policy set out in note 5(c) to the consolidated financial statements), which did not exceed the cap of RMB571 million.

3. *Value-added Services to Non-Property Owners*

(1) 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 annual caps (excluding tax) of the transactions contemplated under the Sales and Leasing Agency Services Framework Agreement for each of the three years ended 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 2023, the total amount for the sales and leasing agency services payable by the CGH Group to the Group was approximately RMB9.91 million (of which approximately RMB8.99 million was recognized as revenue by the Company in accordance with the policy set out in note 5(c) to the consolidated financial statements), which did not exceed the cap of RMB1,000 million.

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

The Company considered that the Consultancy and Other Services Framework Agreement could 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 2023, the total amount for the consultancy and other services payable by the CGH Group to the Group was approximately RMB1,020.91 million (of which approximately RMB890.49 million was recognized as revenue by the Company in accordance with the policy set out in note 5(c) to the consolidated financial statements), which did not exceed the cap of RMB2,200 million.

(3) Value-added Services to Non-Property Owners

On 29 December 2023, the Company and CGH entered into a non-property owner value-added services framework agreement (the "**Non-property Owner Value-added 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 2024 until 31 December 2026:

(a) Consultancy services including (i) advice and assistance on the setting up and operation of the on-site sales offices of the CGH Group, such as decoration of the venue, physical set-up of booths and exhibitions, greenery, cleaning and maintenance of water and electricity supplies of the sales offices; (ii) provision of guidance and training to the staff of the CGH Group on the operations of the on-site sales offices, including the manners for general reception of guests, the provision of light refreshments, maintenance of a decent and proper interior of the sales offices for guests, management of show flats, property handover, handover inspection; (iii) cleaning services for the properties developed by the CGH Group before delivery to homeowners; (iv) asset operations management services; and (v) engineering services, including but not limited to inspection service to developer and individual owner, and housing maintenance service;

(b) Sales and leasing agency services including marketing planning programs for the leasing and sales for the houses or parking spaces of the CGH Group, leasing, sales, agency services for property ownership certificates, monitoring and management of the leasing and sales back office;

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

(d) Elevators Installation Services including elevator products installation and supporting services; and

(e) Other services including technology services, after-sales maintenance and warranty services for houses and buildings, disinfection and pest control services, home decoration agency services and other services.

The annual caps (excluding tax) of the transactions contemplated under the Non-property Owner Value-added Services Framework Agreement for each of the three years ending 31 December 2026 are RMB340 million, RMB250 million and RMB220 million, respectively.

The Group is a leading service provider in comprehensive property management in the PRC with diversified business focuses. The Group has been providing similar services contemplated under the Non-property Owner Value-added Services Framework Agreement to the CGH Group. By entering into the Non-property Owner Value-added Services Framework Agreement, both parties have significantly lowered the amount of annual caps for the fees compared with the existing Consultancy and Other Services Framework Agreement and the existing Sales and Leasing Agency Services Framework Agreement, and the payment terms are also conducive to the Group's control over the scale of its receivables and management of financial resources. The Group will also strictly control the business scale and strengthen recovery of payments in accordance with the principle of prudence.

For details of the Non-property Owner Value-added Services Framework Agreement, please refer to the announcement of the Company dated 29 December 2023.

4. *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 "**2020 Hotel, Engineering and Transportation Services Framework Agreement**"). The annual caps (excluding tax) of the transactions contemplated under the 2020 Hotel, Engineering and Transportation Services Framework Agreement for each of the three years ended 31 December 2023 are RMB52.22 million, RMB58.38 million and RMB70.64 million, respectively. The Company was of the view that the entering into of the 2020 Hotel, Engineering and Transportation Services Framework Agreement would help raise the Group's service quality and enhance the brand of the Group, and is in conformity with the Group's strategic development needs.

Since the 2020 Hotel, Engineering and Transportation Services Framework Agreement expired on 31 December 2023 and it is expected that the Group will continue to enter into similar transactions from time to time thereafter, the Company and CGH have renewed the 2020 Hotel, Engineering and Transportation Services Framework Agreement on 29 December 2023 (the "**2023 Hotel, Engineering and Transportation Services Framework Agreement**"), pursuant to which the CGH Group has agreed to provide the Group with hotel services, engineering and transportation services for a term of three years commencing on 1 January 2024 to 31 December 2026. The annual caps (excluding tax) of the transactions contemplated under the 2023 Hotel, Engineering and Transportation Services Framework Agreement for each of the three years ending 31 December 2026 are RMB45 million, RMB45 million and RMB45 million, respectively.

The entering into of the 2023 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.

For details of the 2020 Hotel, Engineering and Transportation Services Framework Agreement, please refer to the announcement of the Company dated 4 December 2020. For details of the 2023 Hotel, Engineering and Transportation Services Framework Agreement, please refer to the announcement of the Company dated 29 December 2023.

During the year ended 31 December 2023, the total amount for the hotel, engineering and transportation services paid by the Group to the CGH Group was approximately RMB46.31 million, which did not exceed the cap of RMB70.64 million.

5. *Property Lease Framework Agreement*

On 13 April 2021, the Company entered into a property lease framework agreement with CGH (the "**2021 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 2021 Property Lease Framework Agreement for the three years ended 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 expanding 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 2021 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 shall not exceed 10% of the rent for the previous year; and (v) the annual caps under the 2021 Property Lease Framework Agreement for each of the two years ended 31 December 2023 were revised, that was, the existing right-of-use assets annual caps for each of the two years ended 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 ended 31 December 2023 shall be RMB68 million and RMB80 million, respectively.

Since the 2021 Property Lease Framework Agreement expired on 31 December 2023 and it is expected that members of the Group will continue to enter into short-term leases with members of the CGH Group from time to time thereafter, on 29 December 2023, the Company entered into the property lease framework agreement (the "**2023 Property Lease Framework Agreement**") with CGH in respect of the short-term leases, to meet the need of the Group to lease certain office spaces held by the members of the CGH Group for use for a term of three years commencing on 1 January 2024 until 31 December 2026. As one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated based on the highest annual cap of the 2023 Property Lease Framework Agreement are below 0.1%, the transactions contemplated under the 2023 Property Lease Framework Agreement are exempt from the reporting, announcement, circular and the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Group shall acquire no new right-of-use assets pursuant to the 2023 Property Lease Framework Agreement.

For details of the 2021 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. For details of the 2023 Property Lease Framework Agreement, please refer to the announcement of the Company dated 29 December 2023.

During the year ended 31 December 2023, as there is no additional lease such as office spaces, shops, parking lots, apartments, etc. of the CGH Group, the amount of right-of-use asset was nil, which did not exceed the cap of RMB2,500 million, and the amount of variable payment was approximately RMB13.66 million, which did not exceed the cap of RMB80 million.

6. *Merchandise Procurement Framework Agreement*

On 4 December 2020, the Company entered into a merchandise procurement framework agreement (the "**2020 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 annual caps (excluding tax) of the transactions contemplated under the 2020 Merchandise Procurement Framework Agreement for each of the three years ended 31 December 2023 are RMB82.58 million, RMB114.87 million and RMB172.30 million, respectively.

The Company considered that the 2020 Merchandise Procurement Framework Agreement could raise the Group's income from value-added services, which could thereby increase the total revenue and improve the profitability of the Group, and was in conformity with the Group's strategic development needs.

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

During the year ended 31 December 2023, the total merchandise procurement fee payable by the CGH Group to the Group was approximately RMB12.08 million, all of which was recognized as revenue by the Company in accordance with the policy set out in note 5(c) to the consolidated financial statements, which did not exceed the cap of RMB172.30 million.

7. *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 in accordance with the principal terms of the Business Management Service Framework Agreement 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 service contracts shall not be later than 31 December 2023. The annual caps (excluding tax) of the transactions contemplated under the Business Management Service Framework Agreement for each of the three years ended 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 considered that the Business Management Service Framework Agreement could 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 2023, the total amount for the business management services paid by the CGH Group to the Group was approximately RMB114 million, all of which was recognized as revenue by the Company in accordance with the policy set out in note 5(c) to the consolidated financial statements, which did not exceed the cap of RMB480 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". The auditor has issued an unqualified letter to the Board containing its findings and conclusions in respect of the disclosed continuing connected transactions as follows:

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

(2) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them 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 them 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 them to believe that the disclosed continuing connected transactions have exceeded the annual cap set by the Company.

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 2023 is disclosed in note 37 "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 requirements under Chapter 14A of the Listing Rules in relation to the aforementioned connected transactions/continuing connected transactions.

EVENT SUBSEQUENT TO THE REPORT PERIOD

Unless the context requires otherwise, capitalized terms used in this section shall bear the same meanings as defined in the joint announcement dated 7 February 2024, jointly published by the Company and Hopefluent.

On 7 February 2024, the parties to the Strategic Cooperation Agreement (CG Property Services HK, Mr. Fu Wai Chung (the executive director and controlling shareholder of Hopefluent), China-net Holding Ltd. and Hopefluent) entered into an agreement (the "**Termination Agreement**") to terminate the Strategic Cooperation Agreement after considering, among other matters, the prevailing market conditions, recent volatility in the capital markets, changes in the parties' expectation with respect to the implementation timeframe of the subject transactions and the underlying strategic and cooperation objectives, and hence the Subscription will not proceed. For the above reasons, the discussion between CG Property Services HK and China-net Holding Ltd. with respect to the possible acquisition has also been terminated and will not proceed.

Pursuant to the Termination Agreement, all antecedent obligations and liabilities of CG Property Services HK, Mr. Fu Wai Chung, China-net Holding Ltd. and Hopefluent under the Strategic Cooperation Agreement shall be absolutely released and discharged in all aspects with immediate effect.

Despite the termination, the parties expect to continue to engage in amicable discussions to explore plans to deepen the long-term strategic cooperation between CGS Group and the Hopefluent Group with a view to achieving business synergies in the realm of real estate agency services.

For the purpose of the Takeovers Code, the offer period, which commenced on 6 November 2023, ended on 7 February 2024 (the date of the aforementioned joint announcement).

Pursuant to Rule 31.1 of the Takeovers Code, CG Property Services HK, parties who acted in concert with it in the course of the Possible Offers and any parties who subsequently act in concert with any of them may not, within 6 months from the date of the aforementioned joint announcement, (a) announce a further offer or possible offer for Hopefluent (including a partial offer which could result in CG Property Services HK holding shares carrying 30% or more of the voting rights of Hopefluent), or (b) acquire any voting rights of Hopefluent if CG Property Services HK or persons acting in concert with it would thereby become obliged under Rule 26 of the Takeovers Code to make a mandatory general offer, except in each case with the consent of the Executive.

For details of (1) the termination of the Strategic Cooperation Agreement and the Possible Acquisition and (2) the end of the offer period, please refer to the joint announcement of the Company and Hopefluent dated 7 February 2024.

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 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, 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

CG Life Services agreed to acquire 65% equity interests of City-Media held by the First Vendor (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 the aforementioned 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 aforementioned 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-Media 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) $\dfrac{(\text{RMB1,317.77 million} - \text{I})}{\text{RMB1,317.77 million}} \times$ RMB511.94 million; or

(B) $\dfrac{(\text{RMB299.54 million} - \text{P})}{\text{RMB299.54 million}} \times$ 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 aforementioned 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 parties were still in discussion and confirmation of conclusions in relation to the aforementioned performance guarantee of City-Media for 2022, the auditor was not able to issue audit opinions on which. The Company will make disclosure as appropriate after obtaining the relevant audit opinions in compliance with the 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 (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 Changxin Information Technology Partnership (Limited Partnership) (formerly known as Huzhou Yixin Enterprise Management Partnership (Limited Partnership) and subsequently known as Taizhou Yixin Enterprise Management Partnership (Limited Partnership)), Fan Manguo ("**Mr. Fan**") 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 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) 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 below:

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

(2) Y represents the Net Profit After NRI of Manguo Kangjie in 2020, 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 aforementioned 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, the audit procedures for the performance guarantee for Manguo Kangjie in 2021, 2022 and 2023 are still in progress as (1) Manguo Kangjie has significant security risks in the regions where its overseas business is operated, which materially and adversely affects the progress of the aforementioned performance guarantee audit for the business in the region, and (2) the parties are still in discussion and confirmation of certain matters and conclusions in relation to the aforementioned performance guarantee. As such, the audit of the aforementioned performance guarantee for Manguo Kangjie for the year ended 31 December 2023, the year ended 31 December 2022 and the year ended 31 December 2021 has not yet been completed.

The Company will closely monitor the aforementioned performance guarantee and make disclosure as appropriate after obtaining the relevant audit opinions in compliance with the 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 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. 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 aforementioned 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 aforementioned performance guarantee.

As at the date of this report, as the parties were still in discussion and confirmation of certain matters and conclusions in relation to the performance guarantee for 2022 and 2023, the conclusion on the aforementioned performance guarantee could not be finalized. Accordingly, the auditor has not been able to issue audit opinions on the performance guarantee of Fujian Dongfei for 2022 and 2023. The parties were also in discussion as to whether the terms of the performance guarantee need to be adjusted. The Company will closely monitor the progress of the aforementioned performance guarantee and make disclosure as appropriate after obtaining the relevant audit opinions in compliance with the 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 Services Group Company Limited ("**R&F Property**") to acquire 100% equity interest in Wealth Best Global Limited ("**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.

Consideration Adjustment

If the financial data of Wealth Best Global in 2021 fails to meet any financial indicator specified in the aforementioned 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 aforementioned 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 (the "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 (as defined in the Company's announcement dated 20 September 2021) shall deliver areas under management (the "**Delivered GFA 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.

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

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 (the "**Balance with Related Parties**") not exceeding RMB610 million shall be offsetted with the fourth instalment of consideration until the consideration in excess of the limited of the Balance with Related Parties is paid after being fully settled through offsetting.

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, due to the impact of the downturn in the domestic real estate market and the less-than-expected Delivered GFA under Management, it is expected that there is a material uncertainty as to whether the fourth instalment of the consideration, which is based on the Delivered GFA under Management, can be offsetted against the Balance with Related Parties as at 30 June 2024, and the parties are still in the process of confirming the results of the Delivered GFA under Management. Wealth Best Global and the R&F Property Related Parties have been negotiating on the solutions for collecting the Balance with Related Parties, and some of the measures have been implemented, resulting in a decrease in the Balance with Related Parties.

As at the date of this report, as both parties were still in dispute over the impairment of the trade receivables owed by R&F Property and the R&F Property Related Parties to the Wealth Best Global Group, CG Property Services HK and R&F Property have not yet reached a consensus on relevant matters and conclusions of the aforementioned performance guarantee. As such, the audit of the aforementioned performance guarantee for Wealth Best Global for the year ended 31 December 2021 has not yet been completed. Currently, the both parties are still implementing solutions to collect the Balance with Related Parties, negotiating the terms of the supplementary agreement on equity transfer and other matters related to the advancement of follow-up business cooperation, and the Company will also continue to closely monitor the audit of the aforementioned performance guarantee and make disclosure as appropriate after obtaining the relevant audit opinions in compliance with the 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 total 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. Pursuant to the amended Agreements, the maximum number of the consideration shares to be issued is 45,983,980 Shares.

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 details.

I. **Payment Conditions**

	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.

As the discussion between the management of Everjoy Services and the Majority Vendors in respect of whether the revenue and gross profit margin of the non-property owners value-added business under management of Everjoy Services for the year 2023 will reach the prescribed benchmarks is still in progress, the payment of RMB4.5 million by CG Property Services HK for the current period has yet to be confirmed. The Company will closely monitor the progress of the above confirmation and disclose the same as appropriate in compliance with the requirement of Rule 14.36B of the Listing Rules.

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. As at the date of this report, due to the impact of the downturn in the domestic real estate market, the management of Everjoy Services expects that the timeframe for the Projects In Transit to be delivered to Everjoy Services will be extended from full delivery by 30 June 2024 to full delivery by 30 June 2025. 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.

Pursuant to the terms of the equity purchase agreement, (1) the total consideration payable for the Projects In Transit delivered by Everjoy Services from September 2022 to December 2022 shall be approximately RMB 32,240,000, of which (i) approximately RMB28,690,000 (paid by approximately HKD31,320,000) has been paid in cash and (ii) approximately RMB3,550,000 will be paid through issuing consideration shares by the Company upon discussion and confirmation between CG Property Services HK and the Minority Vendors; (2) the total consideration payable for the Projects In Transit delivered by Everjoy Services from January 2023 to June 2023 shall be approximately RMB72,290,000, of which (i) approximately RMB64,340,000 has been paid in cash and (ii) approximately RMB7,950,000 will be paid through issuing consideration shares by the Company upon discussion and confirmation between CG Property Services HK and the Minority Vendors.

The Vendors have not confirmed the Projects In Transit delivered by Everjoy Services from July 2023 to December 2023 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 make a disclosure as appropriate in compliance with the requirement of Rule 14.36B of the Listing Rules.

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 2023, 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 Vendors pursuant to the terms of the equity purchase agreements.

II. Performance Guarantee

(1) The Majority Vendors and the Minority Vendors have undertaken to CG Property Services HK that the saturated revenue of the Projects under management for each half-year period from 1 January 2022 until full settlement of the third part of consideration shall not be less than the corresponding amount as at 31 December 2021.

(2) The Minority Vendors have undertaken to CG Property Services HK that the performance of the target group for the three years from 1 July 2022 to 30 June 2025 shall meet the following targets:

Performance Guarantee Period	Operating Revenue	Net profit after NRI	GFA under management
1 July 2022 to 30 June 2023	No less than RMB1,200 million	No less than RMB125 million	The GFA under management as at 30 June 2023 shall not be less than the GFA under management as at 31 December 2021
1 July 2023 to 30 June 2024	No less than RMB1,320 million	No less than RMB137 million	The GFA under management as at 30 June 2024 shall not be less than the GFA under management as at 30 June 2023
1 July 2024 to 30 June 2025	No less than RMB1,452 million	No less than RMB150 million	The GFA under management as at 30 June 2025 shall not be less than the GFA under management as at 30 June 2024

Upon issue, the Minority Consideration Shares (as defined in the announcement of the Company dated 29 March 2022) shall be charged in favor of CG Property Services HK or its designated entity to secure the performance guarantee made by the Minority Vendors. For each performance guarantee period, upon confirmation that the relevant targets have been met, CG Property Services HK shall arrange to release the share charge over one-third of the Minority Consideration Shares. If the target for any performance guarantee period is not met, the share charge over corresponding portion of the Minority Consideration Shares shall not be released, and such performance guarantee period and subsequent performance guarantee periods (including the corresponding timetable for release of share charge) shall be extended for one year and so forth until such target is met, except that any Minority Consideration Shares over which the share charge has not been released as at 30 June 2032 shall be forfeited.

If the target group fails to meet performance guarantee (1) and/or the target for GFA under management under performance guarantee (2), the Majority Vendors and/or the Minority Vendors shall make up for a portion of the corresponding shortfall in consideration in cash in accordance with the agreed formula or inject new projects meeting the specified criteria and conditions into the target group to make up for a portion of the corresponding shortfall in saturated revenue. If such cash compensation is not made or such projects for compensation are not injected, CG Property Services HK shall have the right to dispose of the charged Minority Consideration Shares to meet the obligations of the Minority Vendors to make up for the shortfall.

As CG Property Services HK have not yet reached a consensus with the Minority Vendors as to whether the performance guarantee targets for the performance guarantee period from 1 July 2022 to 30 June 2023 have been met, CG Property Services HK has not released the share charge over one-third of the Minority Consideration Shares for the time being. The Company will closely monitor the above situation and make disclosure as appropriate in compliance with the requirement of Rule 14.36B of the Listing Rules.

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

As at 31 December 2023, the interests and short positions of the Directors and chief executives of the Company in the Shares of the Company, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be entered in the register pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions in the Shares and underlying shares 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 2023	Number of debentures held
Ms. Yang Huiyan	Interest of controlled corporation and other interests	1,218,336,100[(1)]	–	1,218,336,100	36.44%	–
Mr. Xu Binhuai	Beneficial owner	1,240,667[(2)(3)]	1,540,000[(6)]	2,780,667	0.08%	–
Mr. Xiao Hua	Beneficial owner	755,795[(2)(4)]	860,000[(6)]	1,615,795	0.05%	–
Mr. Guo Zhanjun	Beneficial owner	825,405[(2)(5)]	600,000[(6)]	1,425,405	0.04%	–

Notes:

As at 31 December 2023, the total number of Shares in issue of the Company was 3,343,020,336 Shares.

(1) As at 31 December 2023, Concrete Win and Fortune Warrior held 418,332,094 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 in. Ms. Yang Huiyan and Concrete Win entered into a deed of gift with Guoqiang Public Welfare Foundation (Hong Kong) on 29 July 2023. Pursuant to the Deed of Gift, the Donor donated 674,640,867 Shares to Guoqiang Public Welfare Foundation (Hong Kong) for charitable purposes, and appointed Ms. Yang Huiyan and the Donor or their designated person(s) as proxies to exercise the voting rights in respect of the Donation Shares on behalf of Guoqiang Public Welfare Foundation (Hong Kong) at the discretion of Ms. Yang Huiyan and the Donor. Ms. Yang Huiyan continued to directly and indirectly control the voting rights in respect of 1,218,336,100 Shares, which include the voting rights in respect of the Donation Shares.

(2) 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.

(3) These Shares represent 240,000 Shares held by Mr. Xu Binhuai which were purchased in the secondary market and 1,000,667 Shares issued to Mr. Xu Binhuai upon his exercise of the options granted to him under the Pre-Listing Share Option Scheme.

(4) 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 of the Company from CGH and separate listing 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 750,200 Shares issued to Mr. Xiao Hua upon his exercise of the options granted to him under the Pre-Listing Share Option Scheme.

(5) 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.

(6) 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/ Underlying Shares held	Approximate % of total issued shares of the associated corporations as at 31 December 2023[1]
Ms. Yang Huiyan[1]	Justbon Services	Interest of controlled corporation	177,584,598	99.71%
Mr. Xu Binhuai[2]	Hopefluent	Beneficial owner	2,520,000	0.37%

Notes:

(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 2023.

(2) According to the share option scheme of Hopefluent, Mr. Xu Binhuai was granted share options to subscribe for a total number of 2,520,000 Hopefluent shares at the exercise price of HK$1.85 per share during the period from 1 July 2024 to 15 June 2033 by three tranches. Subject to the fulfilment of certain vesting conditions, the 1st tranche (40% of the share options granted for Hopefluent shares) will be vested on 1 July 2024; the 2nd tranche (30% of the share options granted for Hopefluent shares) will be vested on 1 April 2025; the 3rd tranche (30% of the share options granted to the grantee for Hopefluent shares) will be vested on 1 April 2026. The percentage is calculated based on the total number of 674,149,989 Hopefluent shares in issue as at 31 December 2023.

Save as disclosed above, as at 31 December 2023, 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 2023, 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)	32.69%
Mr. Chen Chong[(1)]	Interest of spouse	1,218,336,100 (L)	36.44%
Guoqiang Public Welfare Foundation (Hong Kong)[(2)]	Beneficial owner	674,640,867 (L)	20.18%
Ms. Yang Ziying[(3)]	Interest of controlled corporation	675,540,867 (L)	20.21%

Notes:

L – long position
S – short position

As at 31 December 2023, the total number of Shares in issue of the Company was 3,343,020,336 Shares.

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

(2) Ms. Yang Huiyan and Concrete Win entered into the Deed of Gift with Guoqiang Public Welfare Foundation (Hong Kong) on 29 July 2023. Pursuant to the Deed of Gift, the Donor donated 674,640,867 Shares to Guoqiang Public Welfare Foundation (Hong Kong) for charitable purposes. Ms. Yang Huiyan and Concrete Win continue to control the voting rights of 674,640,867 shares held by Guoqiang Public Welfare Foundation (Hong Kong).

(3) Pursuant to the Deed of Gift, Guoqiang Public Welfare Foundation (Hong Kong), a company controlled by Ms. Yang Ziying, holds 674,640,867 Shares. Harvest Blossom Limited is beneficially wholly-owned by Ms. Yang Ziying and holds 900,000 Shares. By virtue of the SFO, Ms. Yang Ziying is deemed to be interested in the Shares held by Guoqiang Public Welfare Foundation (Hong Kong) and Harvest Blossom Limited.

Save as disclosed above, as at 31 December 2023, the Company had not been notified of any other person (other than the Directors or chief executives of the Company) who was recorded in the register of the Company as having an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

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

- any current employee, executive or officer of the Group;
- any Director (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 subscription

- The maximum number of Shares which may be issued pursuant to 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, representing approximately 1.87% 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 upon 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). Some eligible participants who were granted share options on 30 March 2022 were also the eligible participants who were granted share options on 23 March 2021. The share options granted on 23 March 2021 were cancelled on 30 March 2022.

During the year ended 31 December 2023, 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 2023	Granted during the Year	Exercised during the Year	Cancelled during the Year	Lapsed during the Year	Outstanding as at 31 December 2023	Exercise price per Share (HK$)	Date of grant	Exercise period
Directors									
Mr. Xu Binhuai	2,200,000	–	–	–	660,000	1,540,000	50.07	28 September 2020	Vesting date[1] – 27 September 2025[7]
Mr. Xiao Hua	1,520,000	–	–	–	660,000	860,000	50.07	28 September 2020	Vesting date[1] – 27 September 2025[7]
Mr. Guo Zhanjun	1,200,000	–	–	–	600,000	600,000	50.07	28 September 2020	Vesting date[1] – 27 September 2025[7]
Sub-total of Directors	4,920,000	–	–	–	1,920,000	3,000,000			
Employee participants	43,526,000[4]	–	–	–	20,807,000	22,719,000	50.07	28 September 2020	Vesting date[2] – 27 September 2025[7]
	3,240,000	–	–	–	1,136,000	2,104,000	50.07	30 March 2022	Vesting date[3] – 29 March 2027[7]
Service providers[5]	120,000	–	–	–	60,000	60,000	50.07	28 September 2020	Vesting date[1] – 27 September 2025[7]
Sub-total of eligible participants (other than Directors)	46,886,000	–	–	–	22,003,000	24,883,000			
Total	51,806,000	–	–	–	23,923,000	27,883,000			

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 ended 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 to a total of 61 other participants, including 57 employees (other than Directors) and 4 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 4 employees (other than Directors) to subscribe for the remaining 2,400,000 Shares shall be the date on which the auditor's report of the Company for the relevant financial year is issued, which is (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 ended 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 ended 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 share options granted to two grantees to subscribe for a total of 1,600,000 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 ended 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 ended 31 December 2023 is issued. The vesting date of share options granted to the remaining three grantees to subscribe for a total of 1,640,000 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 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 ended 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) Mr. Li Changjiang has been redesignated as an employee participant from Director of the Company in October 2023; Mr. Xu Binhuai has been redesignated as Director of the Company from employee participant in October 2023; and 1 service provider has been redesignated as employee of the Group from service provider in 2023.

(5) For such four service providers on the date of grant (i.e., 28 September 2020) of the Share Option Scheme, two service providers became employees of the Group in 2021 and 2023, respectively, and another service provider resigned in 2022. Apart from this, the nature of the other service providers remained unchanged during the Year.

(6) The expense of share options charged to profit or loss during the Year was approximately RMB-202.65 million (for the corresponding period in 2022: RMB0.55 million), mainly due to the lapse of certain share options during the Year which offsets the expense of share options provided in the previous period. The relevant accounting policy is described in Note 41.19 "**Share-based payments**" to this report.

(7) 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 and 29 March 2027, respectively.

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

(9) During the Year, no share options were granted by the Company. As at 1 January 2023 and 31 December 2023, the number of Shares available for grant under the Share Option Scheme (including the share options lapsed according to the Share Option Scheme) was 10,713,000 Shares and 34,636,000 Shares, respectively.

(10) During the Year, no share options were granted by the Company, therefore the total number of Shares which may be issued upon the exercise of the share options granted under the Share Option Scheme divided by the weighted average number of Shares in issue during the Year is zero.

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

During the Year, 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 in the prior years. For details, please refer to the sections on "**EQUITY FUND-RAISING ACTIVITIES AND USES OF PROCEEDS**" 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 Special Equipment Safety Law of the People's Republic of China, 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 2023, 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 and 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 2023, the Company repurchased a total of 30,184,000 Shares on the Stock Exchange at a total consideration of HK$289,932,000 (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$
September 2023	30,184,000	10.04	9.31	289,932,000
	30,184,000			289,932,000

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 2023, all of the repurchased Shares were cancelled and the total number of Shares in issue of the Company was 3,343,020,336 Shares.

Save as disclosed above, during the year ended 31 December 2023, 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 2023 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 2024 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 2024 AGM of the Company, 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 2024 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 Thursday, 30 May 2024
Record date	Friday, 31 May 2024
Closure of the register of members of the Company	Friday, 31 May 2024 to Thursday, 6 June 2024 (both days inclusive)

(ii) Subject to the passing of the proposal for distributing the final dividend and special dividend at the 2024 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 Friday, 14 June 2024
Closure of the register of members of the Company	Monday, 17 June 2024 to Tuesday, 18 June 2024 (both days inclusive)
Record date	Tuesday, 18 June 2024

For the purposes mentioned above, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 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
Xu Binhuai
President and Executive Director

Foshan, China, 27 March 2024

INDEPENDENT AUDITOR'S REPORT

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 106 to 206, comprise:

- the consolidated statement of financial position as at 31 December 2023;
- 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, comprising material accounting policy information 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 2023, 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.

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

- Assessment of the expected credit losses of trade receivables
- 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 24 'Trade and other receivables' to the consolidated financial statements. As at 31 December 2023, the gross balance of trade receivables amounted to RMB19,511,185,000, which represented approximately 28.2% of the total assets of the Group. Management has assessed the expected credit losses of the trade receivables and RMB3,132,683,000 of loss allowance was made against the trade receivables as at 31 December 2023. For trade receivables with remarkably different credit risk characteristics and occurrence of credit impairment, management evaluated the distribution of expected cash flows under multiple scenarios based on experience of historical credit loss, business model, current situations and forecasts of future conditions of contract counterparties under different scenarios, and made corresponding loss allowance according to expected credit loss rate and the related probability weight under different scenarios. Expected credit losses were recognised on an individual basis and loss allowances were made on an individual basis.	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) Evaluated the rationality of management's assumptions of expected cash flow distribution, expected credit losses rate and related probability weight under different scenarios for individual assessment.

Key Audit Matter	How our audit addressed the Key Audit Matter
For trade receivables without occurrence of credit impairment, management assessed the expected credit losses of trade receivables collectively by grouping the trade receivables based on shared credit risk characteristics and aging periods, and 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.	(v) 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. (vi) Tested, on a sample basis, the accuracy of aging report of trade receivables prepared by management. (vii) 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
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 2023, the Group had goodwill of RMB16,432,801,000 which accounted for approximately 23.7% of the total assets of the Group. Management has assessed the goodwill impairment and impairment losses of goodwill amounting to RMB1,468,516,000 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 the 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, 27 March 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2023 RMB'000	2022 RMB'000
Revenue	5	**42,611,511**	41,366,573
Cost of providing services	8	**(32,602,076)**	(30,099,530)
Cost of sales of goods	8	**(1,277,488)**	(1,009,577)
Gross profit		**8,731,947**	10,257,466
Selling and marketing expenses	8	**(342,140)**	(437,721)
General and administrative expenses	8	**(3,866,360)**	(4,270,325)
Impairment of goodwill and other intangible assets	17	**(1,475,999)**	(1,770,415)
Net impairment losses on financial and contract assets	8	**(2,593,799)**	(679,180)
Other income	6	**477,363**	537,678
Other gains/(losses) — net	7	**161,378**	(114,158)
Operating profit		**1,092,390**	3,523,345
Finance income	10	**271,998**	142,695
Finance costs	10	**(233,817)**	(214,827)
Finance income/(costs) — net	10	**38,181**	(72,132)
Share of results of investments accounted for using the equity method	19	**(50,921)**	34,425
Profit before income tax		**1,079,650**	3,485,638
Income tax expense	11	**(562,939)**	(1,224,302)
Profit for the year		**516,711**	2,261,336
Profit attributable to:			
— Owners of the Company		**292,335**	1,943,422
— Non-controlling interests		**224,376**	317,914
		516,711	2,261,336
Other comprehensive income			
Items that may be reclassified to profit or loss:			
— Currency translation differences	28	**(15,970)**	(22,727)
Items that will not be reclassified to profit or loss:			
— Changes in fair value of financial assets at fair value through other comprehensive income	28	**173,446**	190,828
Total other comprehensive income for the year, net of tax		**157,476**	168,101
Total comprehensive income for the year		**674,187**	2,429,437
Total comprehensive income attributable to:			
— Owners of the Company		**449,811**	2,114,475
— Non-controlling interests		**224,376**	314,962
		674,187	2,429,437

	Note	Year ended 31 December 2023	2022
Earnings per share for profit attributable to owners of the Company (expressed in RMB cents per share)			
— Basic	12	**8.69**	57.68
— Diluted	12	**8.69**	57.68

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At 31 December 2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**1,656,964**	1,477,517
Other right-of-use assets	15	**425,737**	214,389
Investment properties	16	**1,305,002**	1,989,667
Intangible assets	17	**23,927,309**	25,953,361
Investments accounted for using the equity method	19	**600,367**	644,815
Financial assets at fair value through other comprehensive income	21	**4,317,978**	4,151,610
Contract assets	22	**71,405**	427,725
Trade and other receivables	24	**162,435**	246,603
Deferred income tax assets	32	**907,500**	314,715
		33,374,697	35,420,402
Current assets			
Inventories	23	**516,265**	270,758
Trade and other receivables	24	**21,606,111**	22,146,142
Financial assets at fair value through profit or loss	25	**807,724**	862,822
Restricted bank deposits	26	**302,090**	161,002
Cash and cash equivalents	26	**12,637,187**	11,215,770
		35,869,377	34,656,494
Total assets		**69,244,074**	70,076,896

	Note	At 31 December 2023 RMB'000	2022 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital and share premium	27	**27,066,858**	27,329,914
Other reserves	28	**924,309**	812,916
Retained earnings	29	**8,164,706**	9,313,601
		36,155,873	37,456,431
Non-controlling interests		**2,626,204**	2,452,569
Total equity		**38,782,077**	39,909,000
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	33	**840,751**	1,015,929
Lease liabilities	15	**1,353,427**	2,053,781
Deferred income tax liabilities	32	**1,884,304**	2,104,015
		4,078,482	5,173,725
Current liabilities			
Contract liabilities	5	**7,591,490**	5,981,946
Trade and other payables	31	**17,436,240**	16,865,118
Current income tax liabilities		**462,736**	697,069
Bank and other borrowings	33	**728,797**	1,237,636
Lease liabilities	15	**164,252**	212,402
		26,383,515	24,994,171
Total liabilities		**30,461,997**	30,167,896
Total equity and liabilities		**69,244,074**	70,076,896

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The financial statements on pages 106 to 206 were approved by the Board of Directors on 27 March 2024 and were signed on its behalf.

Director	Director
Xu Binhuai	**Xiao Hua**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to owners of the Company					
		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 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		58,846	–	–	58,846	–	58,846
Issuance of shares as a result of scrip dividend		147,860	–	–	147,860	–	147,860
Buy-back of shares		(82,050)	–	–	(82,050)	–	(82,050)
Employee share schemes							
– value of employee services		–	55,464	–	55,464	–	55,464
– exercise of options		2,644	(769)	–	1,875	–	1,875
Capital injection from non-controlling interests		–	–	–	–	30,666	30,666
Transactions with non-controlling interests		–	(17,835)	–	(17,835)	(14,315)	(32,150)
Non-controlling interests arising from business combinations		–	–	–	–	17,353	17,353
Appropriation of statutory reserves		–	137,751	(137,751)	–	–	–
Disposals of subsidiaries		–	–	–	–	5,705	5,705
Disposals of financial assets at fair value through other comprehensive income		–	(1,388)	1,388	–	–	–
Dividends		–	–	(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
Balance at 1 January 2023		**27,329,914**	**812,916**	**9,313,601**	**37,456,431**	**2,452,569**	**39,909,000**
Comprehensive income							
Profit for the year		**–**	**–**	**292,335**	**292,335**	**224,376**	**516,711**
Other comprehensive income		**–**	**157,476**	**–**	**157,476**	**–**	**157,476**
Total comprehensive income for the year ended 31 December 2023		**–**	**157,476**	**292,335**	**449,811**	**224,376**	**674,187**
Transactions with owners of the Company							
Buy-back of shares	27(a)	**(266,603)**	**–**	**–**	**(266,603)**	**–**	**(266,603)**
Consideration issue	27(b)	**3,547**	**–**	**–**	**3,547**	**–**	**3,547**
Employee share schemes							
– value of employee services	9	**–**	**(202,649)**	**–**	**(202,649)**	**–**	**(202,649)**
Capital injection from non-controlling interests		**–**	**–**	**–**	**–**	**11,845**	**11,845**
Transactions with non-controlling interests		**–**	**(29,523)**	**–**	**(29,523)**	**71,679**	**42,156**
Appropriation of statutory reserves		**–**	**131,534**	**(131,534)**	**–**	**–**	**–**
Disposals of subsidiaries	36	**–**	**–**	**–**	**–**	**(40,368)**	**(40,368)**
Disposals of financial assets at fair value through other comprehensive income	28	**–**	**54,555**	**(54,555)**	**–**	**–**	**–**
Dividends	13	**–**	**–**	**(1,255,141)**	**(1,255,141)**	**(93,897)**	**(1,349,038)**
Total transactions with owners		**(263,056)**	**(46,083)**	**(1,441,230)**	**(1,750,369)**	**(50,741)**	**(1,801,110)**
Balance at 31 December 2023		**27,066,858**	**924,309**	**8,164,706**	**36,155,873**	**2,626,204**	**38,782,077**

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 2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
Cash generated from operations	34(a)	**6,242,833**	5,198,208
Income tax paid		**(1,628,042)**	(1,876,916)
Net cash generated from operating activities		**4,614,791**	3,321,292
Cash flows from investing activities			
Payments for acquisition of subsidiaries, net of cash acquired		**—**	(638,263)
Settlement of outstanding considerations payable for business combinations in prior years		**(329,585)**	(286,917)
Net cash (outflow)/inflow from disposals of subsidiaries	36	**(28,750)**	5,717
Dividends received from investment accounted for using the equity method	19	**8,227**	20,035
Dividends received from financial assets at fair value through other comprehensive income	6	**166,944**	120,265
Payments for investments accounted for using the equity method		**(14,700)**	(70,764)
Payments for property, plant and equipment	14	**(690,113)**	(684,128)
Payments for investment properties		**—**	(6,344)
Payments for intangible assets		**(250,577)**	(211,463)
Payments for financial assets at fair value through profit or loss	3	**(2,526,000)**	(7,393,310)
Proceeds from disposals of property, plant and equipment	34(c)	**68,271**	224,810
Proceeds from disposals of intangible assets	17	**546**	9,332
Proceeds from disposals of investment properties	16	**33,230**	—
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	**2,584,572**	9,908,052
Proceeds from disposals of financial assets at fair value through other comprehensive income		**51,834**	38,512
Repayment of loans from third parties		**300,000**	—
Loans to third parties		**—**	(510,849)
Interest received	10	**271,998**	142,695
Net cash (used in)/generated from in investing activities		**(354,103)**	755,458

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2023 RMB'000	2022 RMB'000
Cash flows from financing activities			
Redemption of convertible bonds		–	(4,279,781)
Proceeds from bank and other borrowings	34(d)	826,470	1,632,167
Issuance of shares pursuant to share option scheme		–	1,875
Buy-back of shares	27(a)	(266,603)	(82,050)
Capital injection from non-controlling interests		11,845	30,666
Transactions with non-controlling interests		(26,498)	(11,844)
Principal elements of lease payments		(244,364)	(150,844)
Repayments of bank and other borrowings	34(d)	(1,510,487)	(501,140)
Interest paid on leases		(132,277)	(89,939)
Interest paid on bank and other borrowings	10, 34(d)	(92,056)	(70,482)
Dividends paid to owners of the Company	13	(1,255,141)	(861,218)
Dividends paid to non-controlling interests		(105,201)	(27,954)
Net cash used in financing activities		(2,794,312)	(4,410,544)
Net increase/(decrease) in cash and cash equivalents		1,466,376	(333,794)
Cash and cash equivalents at beginning of the year		11,215,770	11,618,619
Effects of exchange rate changes on cash and cash equivalents		(44,959)	(69,055)
Cash and cash equivalents at end of the year		12,637,187	11,215,770

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 Act (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 (the "Shares") are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These consolidated financial statements for the year ended 31 December 2023 are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 27 March 2024.

2 Basis of preparation

(a) Compliance with HKFRS and the disclosure requirements of Hong Kong Companies Ordinance

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

HKFRS comprise the following authoritative literature:

- HKFRS
- Hong Kong Accounting Standards
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants

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.

(b) Historical cost convention

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.

2 Basis of preparation *(Continued)*

(c) New and amended standards adopted by the Group

The Group has applied the following new and amended standards for its annual reporting period commencing 1 January 2023:

- HKFRS 17 Insurance contracts
- Definition of accounting estimates — Amendments to HKAS 8
- International Tax Reform — Pillar Two Model Rules — amendments to HKAS 12
- Deferred tax related to assets and liabilities arising from a single transaction — Amendments to HKAS 12
- Disclosure of accounting policies — Amendments to HKAS 1 and HKFRS Practice Statement 2

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(d) New and amended standards and interpretations not yet adopted:

Certain amendments to accounting standards and interpretation have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for annual periods beginning on or after
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
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements	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 HKAS 21	Lack of exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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.

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.

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.1 Credit risk (Continued)

(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 2023, the Group considers there has been a significant increase in credit risk on trade receivables due from certain related parties and third-party customers with gross amounts of RMB2,757,874,000 and RMB1,409,693,000, respectively. Regarding those trade receivables, management of the Group evaluated the distribution of expected cash flows under multiple scenarios based on historical credit loss experience, business model, current situations and forecasts of future conditions of contract counterparties under different scenarios, and made corresponding allowances according to expected credit losses rate and the related probability weight under different scenarios. Allowances amounting to RMB2,198,613,000 (31 December 2022: nil) and RMB526,688,000 (31 December 2022: RMB275,757,000) were made against the gross amounts of trade receivables from related parties and third-party customers, respectively.

The expected loss rates for the remaining balances are based on the payment profiles of sales over a period of 5 years before 31 December 2023 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 2023, the Group has assessed that the expected credit losses for contract assets was immaterial and therefore, no loss allowance provision for contract assets was recognised as at 31 December 2023 (31 December 2022: nil).

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 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 2023							
Expected loss rate	0.5%	3.2%	16.2%	36.0%	50.6%	100%	
Gross carrying amount (RMB'000)	10,946,894	3,263,342	559,911	228,725	64,834	40,625	15,104,331
Loss allowance provision (RMB'000)	57,805	102,993	90,703	82,445	32,811	40,625	407,382

	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

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

	2023 RMB'000	2022 RMB'000
At 1 January	597,998	280,150
Provision for loss allowance recognised in profit or loss	2,707,741	413,988
Receivables written off as uncollectable	(173,056)	(96,140)
At 31 December	3,132,683	597,998

As at 31 December 2023, the gross carrying amount of trade receivables was RMB19,511,185,000 (2022: RMB15,956,120,000) and thus the maximum exposure to loss was RMB16,378,502,000 (2022: RMB15,358,122,000).

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 2023			At 31 December 2022		
	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	486,340	0.8%	3,918	1,079,519	0.9%	10,100
Payments on behalf of property owners	913,437	0.6%	5,039	766,890	0.6%	4,844
Loans to third parties pledged by equities	84,011	0.3%	280	593,660	4.1%	24,333
Receivables from finance leases	228,751	–	–	260,869	–	–
Others	859,323	0.6%	5,391	602,233	1.5%	8,966
	2,571,862		14,628	3,303,171		48,243
Stage 3						
Loans to third parties pledged by equities	1,100,000	18.7%	205,507	2,100,000	13.6%	285,834
Others	353,437	–	–	372,447	–	–
	1,453,437		205,507	2,472,447		285,834
	4,025,299		220,135	5,775,618		334,077

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

	2023 RMB'000	2022 RMB'000
At 1 January	334,077	68,885
Provision for loss allowance (reversed)/recognised in profit or loss	(113,942)	265,192
At 31 December	220,135	334,077

As at 31 December 2023, the gross carrying amount of other receivables (excluding prepayments) was RMB4,025,299,000 (2022: RMB5,775,618,000) and thus the maximum exposure to loss was RMB3,805,164,000 (2022: RMB5,441,541,000).

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.1 Credit risk *(Continued)*

(c) Financial guarantee

As at 31 December 2023, the Group has assessed that the expected credit losses for the financial guarantee and accordingly made a provision of RMB6,598,000 (2022: Same) (note 40).

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 2023					
Trade and other payables (excluding payroll payables, contingent considerations for business combinations and other taxes payables)	**13,246,030**	**–**	**–**	**–**	**13,246,030**
Lease liabilities	**237,538**	**206,724**	**549,688**	**1,071,233**	**2,065,183**
Bank and other borrowings	**786,996**	**92,996**	**340,798**	**467,574**	**1,688,364**
Total	**14,270,564**	**299,720**	**890,486**	**1,538,807**	**16,999,577**
At 31 December 2022					
Trade and other payables (excluding payroll payables, contingent considerations for business combinations 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

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 2023 RMB'000	31 December 2022 RMB'000
Assets		
HKD	**195,269**	104,259
Other currencies	**128,867**	89,679
	324,136	193,938

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)	
	2023 RMB'000	2022 RMB'000
RMB against HKD:		
Strengthened by 5%	**(9,763)**	(5,213)
Weakened by 5%	**9,763**	5,213

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 33. 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 33) to interest rate changes and the contractual re-pricing dates of the borrowings at the end of the reporting period are as follows:

	2023		2022	
	RMB'000	**% of total loans**	RMB'000	% of total loans
Variable rate borrowings	**368,352**	**23%**	363,550	16%
Fixed rate borrowings — repricing or maturity dates:				
Less than 1 year	**728,797**	**46%**	1,237,636	55%
1—5 years	**340,525**	**23%**	114,871	5%
Over 5 years	**131,874**	**8%**	537,508	24%
	1,569,548	**100%**	2,253,565	100%

As at 31 December 2023, borrowings of the Group which were bearing at floating rates amounted to approximately RMB368,352,000 (2022: RMB363,550,000). As at 31 December 2023, 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 2023 would have been approximately RMB1,381,000 (2022: RMB1,817,000) 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 statement of financial position plus net debt.

As at 31 December 2023 and 2022, the Group has a 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 2023				
Financial assets				
Financial assets at FVPL	–	–	807,724	807,724
Financial assets at FVOCI	15,573	–	4,302,405	4,317,978
Total financial assets	15,573	–	5,110,129	5,125,702
Financial liabilities				
Financial liabilities at FVPL (note 31)	–	–	214,683	214,683

	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

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 2023:

	Financial assets at FVPL (note 25) RMB'000	Financial assets at FVOCI (note 21) RMB'000	Total RMB'000
Opening balance at 1 January 2023	862,822	4,122,385	4,985,207
Additions	2,526,000	—	2,526,000
Disposals	(2,584,572)	(32,026)	(2,616,598)
Fair value changes	3,474	212,046	215,520
Closing balance at 31 December 2023	807,724	4,302,405	5,110,129

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 2023 RMB'000	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Unlisted equity securities	4,307,463	Price-to-earnings ratio	12.6-22.8	The higher the price-to-earnings ratio, the higher the fair value
		Price-to-sales ratio	1.3	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) Goodwill impairment assessment

For the purposes of goodwill impairment assessment, management considered each of the acquired companies a separate group of 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 fair value less costs of disposal ("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 chief operating decision-maker ("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 2023 and 2022 was as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Revenue from property management and related services other than Three Supplies and Property Management businesses		
— Property management services	**24,698,514**	22,855,603
— Community value-added services	**3,752,870**	4,017,481
— Value-added services to non-property owners	**1,553,399**	2,664,714
— Other services	**190,490**	153,650
	30,195,273	29,691,448
Revenue from Three Supplies and Property Management businesses		
— Property management and other related services	**4,992,205**	4,117,791
— Heat supply services	**1,527,985**	1,435,333
	6,520,190	5,553,124
Revenue from city services business	**4,883,630**	4,836,881
Revenue from commercial operational services business	**1,012,418**	1,285,120
	42,611,511	41,366,573

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 2023 and 2022.

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.

During the year ended 31 December 2023, the five largest customers of the Group accounted for approximately 10.8% (2022: 8.6%) of the total revenue while the largest customer of the Group accounted for approximately 6.8% (2022: 7.2%) of the total revenue.

As at 31 December 2023, the five largest mentioned above customers of the Group accounted for approximately 18.2% (2022: 10.8%) of the total trade receivables while the largest customer mentioned above of the Group accounted for approximately 14.1% (2022: 8.9%) of the total trade receivables.

5 Revenue and segment information *(Continued)*

(a) Contract liabilities

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

	At 31 December 2023 RMB'000	2022 RMB'000
Contract liabilities		
Property management services	**6,119,206**	4,545,760
Community value-added services	**440,569**	506,306
Value-added services to non-property owners	**65,084**	144,474
Three Supplies and Property Management		
— Property management and other related services	**170,376**	169,430
— Heat supply services	**647,074**	492,892
City services	**19,697**	10,242
Commercial operational services	**129,484**	112,842
	7,591,490	5,981,946

(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 brought-forward contract liabilities.

	Year ended 31 December 2023 RMB'000	2022 RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Property management services	**4,344,228**	3,377,579
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	**166,042**	100,076
— Heat supply services	**492,892**	392,157
City services	**10,242**	6,239
Commercial operational services	**112,842**	77,327
	5,777,026	4,432,049

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 2023, there were no incremental costs to obtain a contract (2022: nil).

(b) Segment information

The segment information provided to the CODM for the year ended 31 December 2023 is as follows:

	Year ended 31 December 2023				
	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	**30,224,898**	**6,520,190**	**4,989,336**	**723,171**	**42,457,595**
Recognised over time	29,152,688	5,836,604	4,824,286	700,278	40,513,856
Recognised at a point time	1,072,210	683,586	165,050	22,893	1,943,739
Revenue from other source	–	–	–	294,510	294,510
Rental income	–	–	–	294,510	294,510
Total segment revenue	**30,224,898**	**6,520,190**	**4,989,336**	**1,017,681**	**42,752,105**
Less: inter-segment revenue	(29,625)	–	(105,706)	(5,263)	(140,594)
Revenue from external customers	**30,195,273**	**6,520,190**	**4,883,630**	**1,012,418**	**42,611,511**
Segment results	**94,502**	**87,690**	**771,737**	**84,066**	**1,037,995**

5 Revenue and segment information *(Continued)*

(b) Segment information *(Continued)*

The segment information provided to the CODM for the year ended 31 December 2023 is as follows: *(Continued)*

	Year ended 31 December 2023				
	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	(65,697)	13,754	1,182	(160)	(50,921)
Depreciation and amortisation charges	1,282,531	128,257	344,169	170,062	1,925,019
Net impairment losses on financial and contract assets	2,425,810	6,483	7,324	154,182	2,593,799
Impairment of goodwill and other intangible assets	1,064,022	–	411,977	–	1,475,999
Capital expenditure	943,224	397,922	599,284	374,982	2,315,412

	At 31 December 2023				
	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	51,179,563	3,354,333	6,347,875	2,329,101	63,210,872
Investments accounted for using the equity method	424,350	155,786	19,981	250	600,367
Segment liabilities	19,124,589	3,017,510	2,376,646	2,026,664	26,545,409

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:

	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)*

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

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Segment results	**1,037,995**	3,810,152
Realised and unrealised gains/(losses) from financial assets at FVPL (note 7)	**3,474**	(252,382)
Finance income/(costs) — net	**38,181**	(72,132)
Profit before income tax	**1,079,650**	3,485,638

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

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Segment assets	**63,210,872**	64,747,749
Deferred income tax assets	**907,500**	314,715
Financial assets at FVOCI	**4,317,978**	4,151,610
Financial assets at FVPL	**807,724**	862,822
Total assets	**69,244,074**	70,076,896

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

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Segment liabilities	**26,545,409**	25,113,247
Deferred income tax liabilities	**1,884,304**	2,104,015
Current income tax liabilities	**462,736**	697,069
Bank and other borrowings	**1,569,548**	2,253,565
Total liabilities	**30,461,997**	30,167,896

5 Revenue and segment information *(Continued)*

(c) Accounting policies of revenue recognition

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. At contract inception, the Group evaluates whether the contracts meet the criteria under HKFRS 15 para 9, especially whether it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group consider the customer's ability and intention to pay that amount of consideration when it is due. If the contract does not meet the criteria at inception, or subsequently a customer's ability to pay the consideration deteriorates significantly and the Group conclude that it is not probable that the Group will collect the consideration to which they will be entitled in exchange for the remaining goods or services that will be transferred to the customer, the Group recognise the consideration received as revenue only if the Group has no remaining obligations to transfer goods or services to the customer and all, or substantially all, of the consideration promised by the customer has been received by the entity and is non-refundable, or the contract has been terminated and the consideration received from the customer is non-refundable. For contract meets such criteria and revenue is recognised, the credit risk of the collection is considered in impairment assessment (note 3.1.1).

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.

5 Revenue and segment information *(Continued)*

(c) Accounting policies of revenue recognition *(Continued)*

Community value-added services mainly include home living services, home decoration intermediate 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.

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 statement of financial position 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.

6 Other income

	Year ended 31 December 2023 RMB'000	2022 RMB'000
Government subsidy income	**233,409**	349,611
Dividend income from financial assets at FVOCI	**166,944**	120,265
Late payment charges	**77,010**	67,802
	477,363	537,678

7 Other gains/(losses) — net

	Year ended 31 December 2023 RMB'000	2022 RMB'000
Gains/(Losses) on disposals of subsidiaries (note 36)	**69,257**	(84,955)
Gains from the change of sublease contracts (a)	**50,452**	–
Gains on early termination of lease contracts (b)	**30,882**	2,024
Net foreign exchange gains	**21,483**	75,384
Realised and unrealised gains/(losses) from financial assets at FVPL	**3,474**	(252,382)
Gains on disposals of investments accounted for using the equity method	**—**	22,401
(Losses)/gains on disposals of property, plant and equipment (note 34(c))	**(24,894)**	74,010
Others	**10,724**	49,360
	161,378	(114,158)

(a) In 2023, the Group signed certain sublease contracts of properties with third parties, and recognised a net gain of RMB50,452,000 (2022: nil) resulting from the change in receivables from finance leases and the derecognition of right-of-use assets.

(b) In 2023, the Group has early terminated certain property lease contracts. Such termination resulted in derecognition of other right-of-use assets of RMB13,628,000 (2022: RMB17,181,000) (note 15), investment properties of RMB1,093,747,000 (2022: nil) (note 16), receivables from finance leases of RMB235,863,000 (2022: nil) and lease liabilities of RMB1,374,120,000 (2022: RMB19,205,000) (note 34(d)), resulting the gains of early termination of lease contracts recognised in other gains of RMB30,882,000 (2022: RMB2,024,000).

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	
	2023	2022
	RMB'000	RMB'000
Employee benefit expenses (note 9)	15,384,516	16,172,039
Cleaning expenses	7,062,559	6,144,222
Maintenance expenses	2,667,873	2,307,911
Net impairment losses on financial and contract assets	2,593,799	679,180
Security expenses	2,137,449	1,803,009
Utilities	2,059,932	1,851,112
Depreciation and amortisation charges	1,925,019	1,868,820
Heat supply costs	1,325,298	1,152,653
Cost of sales of goods	1,277,488	1,009,577
Greening and gardening expenses	907,164	779,868
Rental expenses for short-term and low-value leases	433,855	375,233
Office and communication expenses	362,654	335,183
Travelling and entertainment expenses	349,152	280,130
Professional service fees	309,160	247,341
Other labour outsourcing costs (i)	308,193	89,047
Transportation expenses	251,499	200,780
Sales service expenses	204,801	213,871
Other taxes and surcharges	190,950	188,177
Advertising and promotion costs	152,949	127,722
Community activities expenses	132,205	91,192
Bank charges	111,867	90,310
Cost of information technology services	110,466	101,461
Employee uniform expenses	41,782	24,821
Construction costs for infrastructures under service concession arrangements	15,697	121,874
Auditor's remuneration		
— Annual audit and interim review services	13,850	14,150
— Non audit services	1,140	2,040
— Tax consulting services	450	1,200
— Bond offering services	—	150
— Other services	690	690
Other expenses	350,546	224,610
	40,681,863	36,496,333

(i) Other labour outsourcing costs excluding labour outsourcing expenses expressed in cleaning expenses, maintenance expenses, and greening and gardening expenses.

9 Employee benefit expenses

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Wages, salaries and bonuses	13,466,989	14,039,077
Housing funds, medical insurances and other social security costs	816,382	826,383
Pension costs — defined contribution plans (a)	633,791	641,720
Share options granted to directors and employee	(202,649)	55,464
Other benefits	670,003	609,395
	15,384,516	16,172,039

9 Employee benefit expenses *(Continued)*

(a) Pension costs — defined contribution plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate fund. 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.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 4 directors for the year ended 31 December 2023 (2022: 3 directors), whose emoluments are reflected in the analysis shown in note 39. The emoluments payable to the remaining 1 individual (2022: 2 individuals) are as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Basic salaries, housing allowances, share options, other allowances and benefits in kind	**1,770**	10,502
Contribution to pension scheme	**25**	21
	1,795	10,523

The emoluments fell within the following bands:

	Year ended 31 December	
	2023	2022
Emolument bands (in HKD)		
1,500,001—2,000,000	**1**	—
5,500,001—10,000,000	**—**	2
	1	2

9 Employee benefit expenses *(Continued)*

(b) Five highest paid individuals *(Continued)*

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the five highest paid individuals for the year ended 31 December 2023 (2022: nil).

10 Finance income/(costs) — net

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Finance income:		
Interest income on bank deposits	**271,998**	142,695
Finance costs:		
Interest expense on lease liabilities	**(141,761)**	(89,939)
Interest expense on bank and other borrowings	**(92,056)**	(70,482)
Borrowing costs of convertible bonds	**—**	(54,406)
	(233,817)	(214,827)
Finance income/(costs) — net	**38,181**	(72,132)

11 Income tax expense

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Current income tax		
— Provision for current income tax	**1,393,709**	1,649,304
Deferred income tax		
— Corporate income tax	**(850,770)**	(481,763)
— Withholding income tax on profits to be distributed in future	**20,000**	56,761
	(830,770)	(425,002)
	562,939	1,224,302

(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 2023 and 2022.

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	
	2023	2022
	RMB'000	RMB'000
Profit before income tax	**1,079,650**	3,485,638
Less: Share of results of investments accounted for using the equity method	**50,921**	(34,425)
	1,130,571	3,451,213
Tax calculated at applicable corporate income tax rate of 25% (2022: 25%)	**282,643**	862,803
Effects of different tax rates applicable to different subsidiaries of the Group	**(65,528)**	(176,737)
Income not subject to tax	**(27,546)**	(19,844)
Expenses not deductible for taxation purposes	**344,728**	494,270
Unrecognised tax losses	**9,622**	5,981
Effects of tax rate change on deferred tax	**(980)**	1,068
	542,939	1,167,541
Withholding income tax on profits to be distributed in future	**20,000**	56,761
	562,939	1,224,302

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	
	2023	2022
Profit attributable to the owners of the Company (RMB'000)	**292,335**	1,943,422
Weighted average number of ordinary shares in issue (thousands shares)	**3,363,641**	3,369,141
Basic earnings per share (RMB cents)	**8.69**	57.68

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 30).

Diluted earnings per share equals to basic earnings per share for the years ended 31 December 2023 and 2022 as the effect of the share options were anti-dilutive.

13 Dividends

The final dividend in respect of year ended 31 December 2022 of RMB14.40 cents (equivalent to HKD15.89 cents) per share and a special dividend of RMB22.81 cents (equivalent to HKD25.17 cents) per share, totalling RMB1,255,141,000, has been approved at the Annual General Meeting on 25 May 2023 and was paid in cash on 11 August 2023.

The Board of Directors recommended the cash payment of a 2023 final dividend of RMB2.19 cents per share and a special dividend of RMB27.27 cents per share, totalling RMB984,870,000. The Dividend Scheme is conditional upon the passing of the resolution relating to the payment of the final dividend and special 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 2022								
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	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
Year ended 31 December 2023								
Opening net book amount	**229,056**	**726,559**	**96,465**	**49,590**	**127,191**	**99,478**	**149,178**	**1,477,517**
Transfer from construction in progress	**42,468**	**–**	**–**	**–**	**3,811**	**(46,279)**	**–**	**–**
Additions	**80,088**	**185,107**	**54,921**	**36,838**	**23,156**	**110,966**	**199,037**	**690,113**
Disposals	**(6,034)**	**(80,568)**	**(3,439)**	**(1,026)**	**–**	**(2,098)**	**–**	**(93,165)**
Depreciation	**(60,582)**	**(108,242)**	**(80,322)**	**(32,894)**	**(6,496)**	**–**	**(128,965)**	**(417,501)**
Closing net book amount	**284,996**	**722,856**	**67,625**	**52,508**	**147,662**	**162,067**	**219,250**	**1,656,964**
At 31 December 2023								
Cost	**467,773**	**1,125,045**	**309,856**	**145,056**	**163,179**	**162,067**	**527,085**	**2,900,061**
Accumulated depreciation	**(182,777)**	**(402,189)**	**(242,231)**	**(92,548)**	**(15,517)**	**–**	**(307,835)**	**(1,243,097)**
Net book amount	**284,996**	**722,856**	**67,625**	**52,508**	**147,662**	**162,067**	**219,250**	**1,656,964**

As at 31 December 2023, transportation equipment with net book amount of RMB68,021,000 (2022: RMB86,757,000) were pledged as collateral for the Group's bank and other borrowings (note 33).

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	
	2023	2022
	RMB'000	RMB'000
Cost of sales	**350,873**	359,573
General and administrative expenses	**66,628**	68,280
	417,501	427,853

(a) Revaluation, depreciation methods and useful lives

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

See note 41.5 for the other accounting policies relevant to property, plant and equipment.

15 Leases

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the consolidated statement of financial position

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 2023					
Opening net book amount	142,781	6,573	4,180	60,855	214,389
Additions	361,924	15,392	24,561	–	401,877
Early termination of lease contracts	(12,463)	–	–	(1,165)	(13,628)
Depreciation	(152,745)	(17,614)	(5,858)	(684)	(176,901)
Closing net book amount	339,497	4,351	22,883	59,006	425,737
At 31 December 2023					
Cost	503,313	23,950	30,289	68,046	625,598
Accumulated depreciation	(163,816)	(19,599)	(7,406)	(9,040)	(199,861)
Net book amount	339,497	4,351	22,883	59,006	425,737

	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	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 statement of financial position *(Continued)*

The consolidated statement of financial position shows the following amounts relating to lease liabilities:

Lease liabilities

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Current	**164,252**	212,402
Non-current	**1,353,427**	2,053,781
	1,517,679	2,266,183

(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	
	2023	2022
	RMB'000	RMB'000
Depreciation charge of other right-of-use assets		
Buildings	**152,744**	157,541
Land use right	**685**	1,930
Machinery	**5,858**	2,368
Transportation equipment	**17,614**	1,684
	176,901	163,523
Expense relating to short-term leases (included in 'Cost of sales' and 'General and administrative expenses')	**334,068**	288,929
Interest expense (included in 'Finance costs')	**141,761**	89,939
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in 'General and administrative expenses')	**99,787**	86,304

The total cash outflow for leases in the year ended 31 December 2023 was RMB810,496,000 (2022: RMB616,016,000).

15 Leases *(Continued)*

(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.

(d) Accounting policies of 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.

15 Leases *(Continued)*

(d) Accounting policies of leases *(Continued)*

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.

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 statement of financial position 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.

16 Investment properties

	Land and buildings RMB'000	Right-of-use assets RMB'000	Total RMB'000
Year ended 31 December 2023			
Opening net book amount	68,392	1,921,275	1,989,667
Additions	127,320	504,700	632,020
Disposals	(33,230)	(1,093,747)	(1,126,977)
Depreciation	(29,654)	(160,054)	(189,708)
Net book amount	132,828	1,172,174	1,305,002

(a) For the year ended 31 December 2023, 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 2023, the fair values of the investment properties approximated to RMB1,446,767,000 (2022: RMB3,166,938,000).

(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 2023.

As at 31 December 2023 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 2023, 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	3.0%-6.5%	The higher the term yields, the lower the fair value
	Reversionary yields	3.5%-7.0%	The higher the reversionary yields, the lower the fair value
	Market rents (RMB/ square meter/month)	21-203	The higher the market rents, the higher the fair value

(f) Accounting policies of 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 5 to 20 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.

17 Intangible assets

	Software RMB'000	Contracts and customer relationships RMB'000	Insurance brokerage license RMB'000	Brand RMB'000	Concession intangible assets RMB'000	Total other intangible assets RMB'000	Goodwill RMB'000 (a)	Total RMB'000
At 1 January 2022								
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	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
Year ended 31 December 2023								
Opening net book amount	**408,787**	**5,576,760**	**22,271**	**1,781,042**	**263,184**	**8,052,044**	**17,901,317**	**25,953,361**
Additions	**139,357**	**77,988**	**–**	**–**	**374,057**	**591,402**	**–**	**591,402**
Amortisation	**(61,839)**	**(807,793)**	**(2,474)**	**(240,979)**	**(27,824)**	**(1,140,909)**	**–**	**(1,140,909)**
Disposals	**(546)**	**–**	**–**	**–**	**–**	**(546)**	**–**	**(546)**
Impairment	**–**	**(5,595)**	**–**	**(1,888)**	**–**	**(7,483)**	**(1,468,516)**	**(1,475,999)**
Closing net book amount	**485,759**	**4,841,360**	**19,797**	**1,538,175**	**609,417**	**7,494,508**	**16,432,801**	**23,927,309**
At 31 December 2023								
Cost	**665,833**	**7,016,815**	**28,663**	**2,128,394**	**668,420**	**10,508,125**	**19,639,425**	**30,147,550**
Accumulated amortisation	**(180,074)**	**(2,166,999)**	**(8,866)**	**(588,331)**	**(59,003)**	**(3,003,273)**	**–**	**(3,003,273)**
Accumulated impairment	**–**	**(8,456)**	**–**	**(1,888)**	**–**	**(10,344)**	**(3,206,624)**	**(3,216,968)**
Net book amount	**485,759**	**4,841,360**	**19,797**	**1,538,175**	**609,417**	**7,494,508**	**16,432,801**	**23,927,309**

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	
	2023	2022
	RMB'000	RMB'000
Cost of sales	**1,079,070**	1,080,434
General and administrative expenses	**61,839**	80,115
	1,140,909	1,160,549

(i) Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Software	3-10 years
Contracts and customer relationships	6-9 years
Insurance brokerage license	12 years
Brand	5-12 years
Concession intangible assets	5-29 years

(ii) Software

Acquired software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

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

(iii) 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 and impairment.

(iv) 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.

(v) 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.

17 Intangible assets *(Continued)*

(vi) Concession intangible assets

When 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.

(vii) Goodwill

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 CGU for the purpose of impairment testing. The allocation is made to those CGU or groups of CGU 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.

17 Intangible assets *(Continued)*

(a) Impairment tests for goodwill

Goodwill of RMB16,432,801,000 has been allocated to the respective CGU for impairment testing. Management performed an impairment assessment on the goodwill as at 31 December 2023. The goodwill (net book amount) is allocated in CGU as follows:

	At 31 December 2023 RMB'000	2022 RMB'000
Wealth Best Global Holdings Group Company Limited ("Wealth Best Global")	**3,567,263**	3,567,263
Country Garden Life Services Group Company Limited ("Life Services")	**3,468,945**	1,189,736
Link Joy Holdings Group Co., Ltd. ("Link Joy")	**3,233,591**	3,233,591
Sichuan Justbon Life Services Group Co., Ltd. ("Justbon Services")	**2,973,736**	3,588,309
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
Fujian Dongfei Environment Group Co., Ltd. ("Fujian Dongfei")	**–**	406,382
City-Media (Shanghai) culture media Co., Ltd. ("City Media")	**–**	313,998
Others	**1,230,375**	2,272,318
	16,432,801	17,901,317

17 Intangible assets *(Continued)*

(a) Impairment tests for goodwill *(Continued)*

During the year ended 31 December 2023, there has been a change in the identified CGU resulting from the integration of Caixin Services to Life Services's business in order to improve operation efficiency. Accordingly, goodwill originally along with Caixin Services is merged into CGU of Life Services. Management expected that the benefit of expected synergies of Caixin Services business shall be achieved from integrating it into the Group's existing business under Life Services. Such integration resulted in the reallocation of goodwill as there has been a change to the way in which goodwill is monitored internally.

The recoverable amount of a CGU is determined based on the higher of value in use and the FVLCOD. As at 31 December 2023, management recalculated the recoverable amounts of all CGU. The value-in-use results of CGU other than those primarily including Justbon Services, Fujian Dongfei and City Media CGU were assessed to exceed their carrying amounts as at 31 December 2023.

In the year ended 31 December 2023, management reassessed the key assumptions for impairment testing of goodwill of Justbon Services and considered that the profit margin and property management fee collection rate of several projects were less than expected, resulting in the management's decisions about withdrawing from corresponding property management projects of Justbon Services, and suspended some value-added services to non-property owners with high book margins but poor payment collection performance. Also, due to the impact of the macroeconomic environment, property owners were less willing to spend, thereby affecting the development of community value-added services, which had a negative impact on the revenue and profit of Justbon Service for the year ended 31 December 2023. In addition, the pre-tax discount rate used in the goodwill impairment test increased as a result of the increase of equity risk premium as well as the country premium, leading to a further decrease of value in use of Justbon Service. 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 RMB614,573,000 was recognised for Justbon Services, resulting in a reduction in the carrying amount of the goodwill of Justbon Services to RMB2,973,736,000.

In the year ended 31 December 2023, management reassessed the key assumptions for impairment testing of goodwill of Fujian Dongfei and considered that the cash flows of government clients served by Fujian Dongfei was tightening due to the impact of the macroeconomic environment, resulting in a decrease in gross profit for new projects and increased difficulty in collecting payments from past projects. Moreover, these adverse effects are expected to remain for a longer period of time. According to the management's estimation of the recoverable amount of Fujian Dongfei 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 and other intangible assets of approximately RMB406,382,000 and RMB5,595,000 were recognised for Fujian Dongfei, respectively, resulting in a reduction in the carrying amount of the goodwill and other intangible assets of Fujian Dongfei to nil and RMB138,481,000.

17 Intangible assets *(Continued)*

(a) Impairment tests for goodwill *(Continued)*

In the year ended 31 December 2023, management reassessed the key assumptions for impairment testing of goodwill of City Media and considered that the consumer demands in the advertising market were shrinking due to the impact of the macroeconomic environment, resulting in a decrease in some clients' advertising placement budget, which had a negative impact on the business development of City Media. Moreover, these adverse effects are expected to remain for a longer period of time. According to the management's estimation of the recoverable amount of City Media 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 and other intangible assets of approximately RMB313,998,000 and RMB701,000 were recognised for City Media, respectively, resulting in a reduction in the carrying amount of the goodwill and other intangible assets of City Media to nil and RMB92,131,000.

As at 31 December 2023, management reassessed the key assumptions for impairment testing of goodwill of the other CGU. Based on the assessment, the Group considered that no additional material 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	Life Services	Fujian Dongfei	City Media	Others
2023								
Revenue growth rates during the projection period	**5.3%-5.7%**	**5.0%-9.0%**	**3.0%**	**5.0%**	**3.0%**	**-2.8%-5.0%**	**3.0%**	**-1.4%-9.4%**
Gross profit margins during the projection period	**30.0%**	**34.2%**	**34.6%**	**24.0%**	**21.8%**	**25.4%**	**33.0%**	**17.7%-62.1%**
EBITDA margins during the projection period	**21.7%**	**22.9%**	**22.7%**	**20.2%**	**11.9%**	**23.9%**	**15.9%**	**4.0%-53.0%**
Terminal growth rate	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**
Pre-tax discount rates	**18.7%**	**20.4%**	**20.7%**	**15.3%**	**20.8%**	**15.4%**	**21.1%**	**18.4%-22.5%**
2022								
Revenue growth rates during the projection period	3.8%-7.0%	3.0%	3.0%	3.0%	3.0%	3.0%	5.0%	3.0%-50.0%
Gross profit margins during the projection period	31.2%	36.0%	32.7%	23.9%	30.0%	28.0%	45.3%	15.5%-46.9%
EBITDA margins during the projection period	21.6%	25.6%	23.9%	21.9%	18.2%	22.9%-25.4%	29.9%	5.2%-33.5%
Terminal growth rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Pre-tax discount rates	15.8%	17.6%	17.7%	13.8%	18.5%	15.6%	20.4%	15.4%-20.8%

17 Intangible assets *(Continued)*

(a) Impairment tests for goodwill *(Continued)*

The recoverable amounts and the headrooms available (the excess of the recoverable amounts over the carrying amounts) of the respective CGU are as follows:

	At 31 December 2023						
	Justbon Services RMB'000	**Wealth Best Global RMB'000**	**Link Joy RMB'000**	**Manguo RMB'000**	**Life Services RMB'000**	**Fujian Dongfei RMB'000**	**City Media RMB'000**
Recoverable amount	**6,262,266**	**6,515,422**	**6,720,569**	**4,736,726**	**36,974,005**	**1,279,920**	**330,959**
Headroom	**–**	**1,249,341**	**1,884,400**	**33,006**	**14,928,682**	**–**	**–**

	At 31 December 2022						
	Justbon Services RMB'000	Wealth Best Global RMB'000	Link Joy RMB'000	Manguo RMB'000	Life Services RMB'000	Fujian Dongfei RMB'000	City Media RMB'000
Recoverable amount	6,960,668	6,556,733	6,147,173	4,888,882	42,231,056	2,321,051	975,902
Headroom	–	778,808	1,998,515	113,499	21,265,326	425,404	41,742

The recoverable amount of the respective CGU would equal its carrying amount if the key assumptions were to change as follows:

	At 31 December 2023							
	Wealth Best Global		**Link Joy**		**Manguo**		**Life Services**	
	From	**To**	**From**	**To**	**From**	**To**	**From**	**To**
Revenue growth rates during the projection period	**5.0%-9.0%**	**0.5%**	**3.0%**	**-13.9%**	**5.0%**	**4.8%**	**3.0%**	**-48.8%**
Gross profit margins during the projection period	**34.2%**	**27.7%**	**34.6%**	**22.1%**	**24.0%**	**22.1%**	**21.8%**	**7.6%**
EBITDA margins during the projection period	**22.9%**	**17.6%**	**22.7%**	**12.4%**	**20.2%**	**20.1%**	**11.9%**	**-2.3%**
Terminal growth rate	**3.0%**	**-2.7%**	**3.0%**	**-37.9%**	**3.0%**	**2.9%**	**3.0%**	**NA**
Pre-tax discount rates	**20.4%**	**25.2%**	**20.7%**	**36.8%**	**15.3%**	**15.4%**	**20.8%**	**NA**

17 Intangible assets *(Continued)*

(b) A segment-level summary of the goodwill allocation

	At 31 December 2023 RMB'000	2022 RMB'000
Property management and related services other than Three Supplies and Property Management business	**13,991,604**	15,053,738
Three Supplies and Property Management business	**3,465**	3,465
City services business	**1,958,891**	2,365,273
Commercial operational services business	**478,841**	478,841
	16,432,801	17,901,317

18 Subsidiaries

The following is a list of principal subsidiaries at 31 December 2023. Among these subsidiaries registered under PRC law, Life Services, Ganglian Real Estate Services (China) Co., Ltd and Justbon Services are joint stock companies with limited liabilities, and Shenzhen Happy Vientiane Investment Partnership (Limited Partnership) is a limited partnership, and the other subsidiaries 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 2023	2022	Proportion of ordinary shares held by non-controlling interests 2023	2022	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%**	100%	**–**	–	Investment holding
Ornate Forest (繁森有限公司)	07 July 2017	USD50,000	**100%**	100%	**–**	–	Investment holding
Sino Estate Holdings Limited	06 November 2003	HKD780	**100%**	100%	**–**	–	Investment holding
Link Joy (鄰里樂控股集團有限公司)	26 June 2015	USD2	**100%**	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%**	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 2023	2022	Proportion of ordinary shares held by non-controlling interests 2023	2022	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%**	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%**	51%	**49%**	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%**	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%**	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%**	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%**	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%**	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	RMB9,132,250	**100%**	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%**	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	**100%**	63.50%	**–**	36.50%	E-commerce
Guangdong Bichuang Asset Operation Co., Ltd. (廣東碧創資產運營有限公司)	18 January 2004	RMB5,000,000	**100%**	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 2023	2022	Proportion of ordinary shares held by non-controlling interests 2023	2022	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%**	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%**	70%	**30%**	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	RMB5,000,000	**95%**	70%	**5%**	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%**	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%**	100%	**–**	–	Property management and related services
Ganglian Real Estate Services (China) Co., Ltd. (i) (港聯不動產服務(中國)股份有限公司)	05 August 1999	RMB60,000,000	**100%**	100%	**–**	–	Property management and related services
Baoshihua Home Life Services Group Co., Ltd. (寶石花家園生活服務集團有限公司)	12 September 2018	RMB400,000,000	**65%**	80%	**35%**	20%	Investment holding
Baoshihua Property Management Company Limited (寶石花物業管理有限公司)	26 October 2018	RMB308,111,060	**51%**	51%	**49%**	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	RMB122,950,000	**70%**	70%	**30%**	30%	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%**	65%	**35%**	35%	Heat supply services
Daqing Baoshihua Heat Company Limited (大慶寶石花熱力有限公司)	18 January 2019	RMB30,000,000	**100%**	100%	**–**	–	Heat supply services
Fujian Dongfei (i) (福建東飛環境集團有限公司)	11 January 2013	RMB133,333,333	**60%**	60%	**40%**	40%	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 2023	2022	Proportion of ordinary shares held by non-controlling interests 2023	2022	Principal activities
Manguo (i) (碧桂園滿國環境科技集團有限公司)	26 March 2015	RMB50,500,000	**70%**	70%	**30%**	30%	City services
City-Media (城市縱橫（上海）文化傳媒有限公司)	20 December 2010	RMB60,000,000	**65%**	65%	**35%**	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%**	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	RMB2,000,000	**100%**	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	–	**100%**	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%**	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	–	**100%**	100%	**–**	–	Investment holding
Guizhou Shunhui Business Management Co., Ltd. (貴州順暉商業管理有限公司)	29 January 2021	RMB8,800,000	**100%**	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	RMB9,500,000	**100%**	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	RMB2,760,000	**100%**	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%**	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%**	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 2023	2022	Proportion of ordinary shares held by non-controlling interests 2023	2022	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%**	85%	**15%**	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%**	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%**	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%**	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%**	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%**	99.71%	**0.29%**	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%**	99.25%	**0.75%**	0.75%	Property management and related services
Wealth Best Global (富良環球有限公司)	10 December 1998	USD1	**100%**	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	RMB610,000,000	**100%**	100%	**–**	–	Property management and related services
Guangzhou Fuxing Investment Consulting Co., Ltd. (i) (廣州富星投資諮詢有限公司)	11 December 2019	RMB310,000,000	**100%**	100%	**–**	–	Consulting services
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%**	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%**	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 2023	2022	Proportion of ordinary shares held by non-controlling interests 2023	2022	Principal activities
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%**	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%**	70%	**30%**	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%**	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%**	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%**	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%**	70%	**30%**	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%**	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%**	90%	**10%**	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	RMB40,000,000	**100%**	100%	**–**	–	Science and technology promotion and application services
Henan Guangxin Advertising Co., Ltd. (河南廣新廣告有限公司)	14 January 2005	RMB19,030,000	**60%**	60%	**40%**	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%**	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 2023	2022	Proportion of ordinary shares held by non-controlling interests 2023	2022	Principal activities
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%	**50%**	50%	Property intermediary services and commercial complex management services
Tianjin Blue 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%**	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%**	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%**	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%**	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%**	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%**	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%**	70%	**30%**	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%**	70%	**30%**	30%	Property management and related services
Yangpu Chengyi Property Management Co., Ltd. (i) (洋浦誠益物業管理有限公司)	25 April 2019	RMB500,000	**100%**	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%**	100%	**–**	–	Property management and related services
Chengdu Dongjing Property Management Company Limited (成都市東景物業管理有限公司)	15 October 2003	RMB5,500,000	**100%**	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 2023	2022	Proportion of ordinary shares held by non-controlling interests 2023	2022	Principal activities
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%**	100%	**–**	–	Property management and related services
Wuhan Quanpu Culture Communication Co., Ltd. (武漢圈譜文化傳播有限公司)	01 June 2017	RMB6,250,000	**60%**	60%	**40%**	40%	Advertising services

(i) Registered as foreign investment enterprises under PRC law.

(ii) None of the subsidiaries had issued any debt securities at the end of the year.

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	
	2023	2022
	RMB'000	RMB'000
At 1 January	**644,815**	397,750
Additions	**14,700**	305,195
Share of results	**(50,921)**	34,425
Acquisition of subsidiaries	**—**	1,605
Disposals of subsidiaries	**—**	(209)
Dividends received	**(8,227)**	(20,035)
Disposals	**—**	(73,916)
At 31 December	**600,367**	644,815

The directors of the Company consider that none of these investments as at 31 December 2023 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	
	2023	2022
	RMB'000	RMB'000
Financial assets at amortised cost:		
Trade and other receivables excluding prepayments	**20,183,666**	20,799,663
Cash and cash equivalents	**12,637,187**	11,215,770
Restricted bank deposits	**302,090**	161,002
	33,122,943	32,176,435
Financial assets at FVPL	**807,724**	862,822
Financial assets at FVOCI	**4,317,978**	4,151,610
	38,248,645	37,190,867
Financial liabilities at amortised cost:		
Bank and other borrowings	**1,569,548**	2,253,565
Trade and other payables excluding contingent considerations and non-financial liabilities	**13,246,030**	12,761,880
Lease liabilities	**1,517,679**	2,266,183
	16,333,257	17,281,628
Financial liabilities at FVPL:		
Contingent considerations for business combinations	**214,683**	269,361
	16,547,940	17,550,989

21 Financial assets at fair value through other comprehensive income

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Listed equity securities	**15,573**	29,225
Unlisted equity investments	**4,302,405**	4,122,385
	4,317,978	4,151,610

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	
	2023	2022
	RMB'000	RMB'000
Contract assets	**71,405**	427,725

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 Inventories

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Merchandise goods (i)	**360,865**	99,808
Raw materials	**125,605**	143,747
Others	**29,795**	27,203
	516,265	270,758

(i) Merchandise goods recognised as an expense during the year ended 31 December 2023 amounted to RMB1,277,488,000 (2022: RMB1,009,577,000). These were included in cost of sales and cost of providing services.

24 Trade and other receivables

	At 31 December 2023 RMB'000	2022 RMB'000
Current assets:		
Trade receivables (a)		
— Related parties (note 37(e))	**2,997,161**	1,731,344
— Third parties	**16,514,024**	14,224,776
	19,511,185	15,956,120
Less: allowance for impairment of trade receivables		
— Related parties (note 37(e))	**(2,198,613)**	—
— Third parties	**(934,070)**	(597,998)
	(3,132,683)	(597,998)
	16,378,502	15,358,122
Other receivables		
— Payments on behalf of property owners	**913,437**	766,890
— Deposits	**486,340**	1,079,519
— Loans to third parties pledged by equities (b)	**1,184,011**	2,693,660
— Receivables from finance leases	**66,316**	14,266
— Others (c)	**1,212,760**	974,680
	3,862,864	5,529,015
Less: allowance for impairment of other receivables	**(220,135)**	(334,077)
	3,642,729	5,194,938
Prepayments to suppliers		
— Related parties (note 37(e))	**14,317**	7,654
— Third parties	**1,200,509**	1,364,980
	1,214,826	1,372,634
Prepayments for tax	**370,054**	220,448
	21,606,111	22,146,142
Non-current assets:		
Other receivables		
— Receivables from finance leases	**162,435**	246,603

As at 31 December 2023, most of the trade and other receivables were denominated in RMB, and the fair value of trade and other receivables approximated their carrying amounts.

24 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	
	2023	2022
	RMB'000	RMB'000
0-180 days	**8,813,813**	11,779,462
181-365 days	**4,190,985**	2,091,517
1 to 2 years	**5,461,279**	1,699,600
2 to 3 years	**668,626**	270,136
Over 3 years	**376,482**	115,405
	19,511,185	15,956,120

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2023, a provision of RMB3,132,683,000 (2022: RMB597,998,000) was made against the gross amounts of trade receivables (note 3.1).

(b) The Group provided short-term loans to several third parties pledged by equity interests of property management and property agency services 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 and property agency services companies. In 2023, one of the equities pledged has been released as a result of the completion of a relative equity acquisition transaction.

(c) These receivables mainly included current accounts due from third parties, which are mainly interest-free, unsecured and repayable according to contract terms.

(d) See note 3.1.1 for the Group's policy regarding impairment of trade and other receivables.

25 Financial assets at fair value through profit or loss

	At 31 December 2023 RMB'000	2022 RMB'000
Wealth management products (a)	**602,323**	569,162
Investment in a fund (b)	**205,401**	293,660
	807,724	862,822

(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 2.8% to 4.6%. 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.

26 Cash and cash equivalents and restricted bank deposits

	At 31 December 2023 RMB'000	2022 RMB'000
Cash at banks (a)	**12,939,277**	11,376,772
Less: Restricted bank deposits (b)	**(302,090)**	(161,002)
Cash and cash equivalents	**12,637,187**	11,215,770

As at 31 December 2023, cash and cash equivalents did not include housing maintenance funds of RMB17,983,000 (2022: RMB21,726,000) 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 2023 RMB'000	2022 RMB'000
RMB	**12,615,141**	11,182,834
HKD	**195,269**	104,259
Other currencies	**128,867**	89,679
	12,939,277	11,376,772

(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, the deposits made as performance security for certain contracts relating to the city services business and judicially frozen funds. As at 31 December 2023, the amount of restricted bank deposits includes RMB23,562,000 (2022: RMB5,385,000) in the frozen bank accounts of Caixin Services for its financial guarantee (note 40).

27 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 2022, 31 December 2022, 1 January 2023 and 31 December 2023		10,000,000,000	1,000,000					
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		2,451,000	245	2	2,642	2,644	–	2,644
Issuance of shares as a result of scrip dividend		5,566,033	557	4	147,856	147,860	–	147,860
Buy-back of shares		–	–	–	–	–	(82,050)	(82,050)
Cancellation of shares		(3,140,000)	(314)	(2)	(82,048)	(82,050)	82,050	–
Consideration issue		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
At 1 January 2023		**3,373,127,390**	**337,312**	**2,157**	**27,327,757**	**27,329,914**	**–**	**27,329,914**
Buy-back of shares	(a)	**–**	**–**	**–**	**–**	**–**	**(266,603)**	**(266,603)**
Cancellation of shares	(a)	**(30,184,000)**	**(3,018)**	**(22)**	**(266,581)**	**(266,603)**	**266,603**	**–**
Consideration issue	(b)	**76,946**	**8**	**–**	**3,547**	**3,547**	**–**	**3,547**
At 31 December 2023		**3,343,020,336**	**334,302**	**2,135**	**27,064,723**	**27,066,858**	**–**	**27,066,858**

(a) During the year ended 31 December 2023, the Company bought back and cancelled a total of 30,184,000 shares. The buy-back and cancellation were approved by shareholders at the annual general meeting on 25 May 2023. The total consideration paid to buy back these shares was RMB266,603,000, which has been deducted from equity attributable to the owners of the Company. The shares were acquired at a weighted average price of HKD9.60 per share, with prices ranging from HKD9.31 to HKD10.04.

(b) On 18 July 2023, the Company issued 76,946 consideration shares to the third parties for the projects in transit delivered by Everjoy Services Company Limited.

28 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 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	–	–	–	–	(17,835)	(17,835)
Employees share schemes						
– value of employee services	–	–	–	55,464	–	55,464
– exercise of options	–	–	–	(769)	–	(769)
Disposals of financial assets at FVOCI	–	(1,388)	–	–	–	(1,388)
Transfer to statutory reserves	137,751	–	–	–	–	137,751
At 31 December 2022	522,966	124,978	(36,026)	345,784	(144,786)	812,916
At 1 January 2023	**522,966**	**124,978**	**(36,026)**	**345,784**	**(144,786)**	**812,916**
Currency translation differences	**–**	**–**	**(15,970)**	**–**	**–**	**(15,970)**
Changes in fair value of financial assets at FVOCI	**–**	**173,446**	**–**	**–**	**–**	**173,446**
Transactions with non-controlling interests	**–**	**–**	**–**	**–**	**(29,523)**	**(29,523)**
Employees share schemes						
– value of employee services (note 9)	**–**	**–**	**–**	**(202,649)**	**–**	**(202,649)**
Disposals of financial assets at FVOCI	**–**	**54,555**	**–**	**–**	**–**	**54,555**
Transfer to statutory reserves (a)	**131,534**	**–**	**–**	**–**	**–**	**131,534**
At 31 December 2023	**654,500**	**352,979**	**(51,996)**	**143,135**	**(174,309)**	**924,309**

(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.

29 Retained earnings

	Year ended 31 December 2023 RMB'000	2022 RMB'000
At 1 January	**9,313,601**	8,515,620
Profit for the year	**292,335**	1,943,422
Disposals of financial assets at FVOCI	**(54,555)**	1,388
Transfer to statutory reserves (note 28)	**(131,534)**	(137,751)
Dividends (note 13)	**(1,255,141)**	(1,009,078)
At 31 December	**8,164,706**	9,313,601

30 Share-based payments

(a) 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.

30 Share-based payments *(Continued)*

(a) *(continued)*

Movements in the number of shares options outstanding are as follows:

	2023		2022	
	Average exercise price in HKD	**Number of share options**	Average exercise price in HKD	Number of share options
At 1 January	**50.07**	**48,566,000**	50.07	51,679,000
Forfeited	**50.07**	**(22,787,000)**	50.07	(3,113,000)
At 31 December	**50.07**	**25,779,000**	50.07	48,566,000
Vested and exercisable at 31 December	**50.07**	**25,299,000**	50.07	28,016,000

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 2023**
28 September 2020	27 September 2025	HKD50.07	25,299,000

The weighted average remaining contractual life of options outstanding at the end of period is approximately 1.8 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 2023, the Expected Retention Rate was assessed to be 83.9% (2022: 92.7%).

(b) 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.

30 Share-based payments *(Continued)*

(b) *(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 2022 at the exercise price of HKD50.07 per share.

Movements in the number of shares options outstanding are as follows:

	2023		2022	
	Average exercise price in HKD	**Number of share options**	Average exercise price in HKD	Number of share options
At 1 January	**50.07**	**1,600,000**	72.40	1,600,000
Granted	**50.07**	**–**	50.07	1,600,000
Forfeited	**50.07**	**(480,000)**	–	–
Cancelled	**50.07**	**–**	72.40	(1,600,000)
At 31 December	**50.07**	**1,120,000**	50.07	1,600,000
Vested and exercisable at 31 December	**50.07**	**640,000**	50.07	640,000

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 2023**
30 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 3.4 years.

The Group has no legal or constructive obligation to repurchase or settle the share options in cash.

The Group has to estimate the Expected 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 2023, the Expected Retention Rate was assessed to be 100% (2022: 100%).

30 Share-based payments *(Continued)*

(c) 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.

Movements in the number of shares options outstanding are as follows:

	2023		2022	
	Average exercise price in HKD	**Number of share options**	Average exercise price in HKD	Number of share options
At 1 January	**50.07**	**1,640,000**	—	—
Granted	**—**	**—**	50.07	1,640,000
Forfeited	**50.07**	**(656,000)**	—	—
At 31 December	**50.07**	**984,000**	50.07	1,640,000
Vested and exercisable at 31 December	**—**	**—**	—	—

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 2023**
30 March 2022	29 March 2027	HKD50.07	—

The weighted average remaining contractual life of options outstanding at the end of the year is approximately 3.4 years.

The Group has no legal or constructive obligation to repurchase or settle the share options in cash.

The Group has to estimate the Expected 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 2023, the Expected Retention Rate was assessed to be 59.2% (2022: 100%).

31 Trade and other payables

	At 31 December 2023 RMB'000	2022 RMB'000
Trade payables		
— Related parties (note 37(e))	**210,312**	84,072
— Third parties	**7,005,967**	5,892,499
	7,216,279	5,976,571
Other payables		
— Deposits	**2,294,108**	2,167,900
— Temporary receipts from properties owners	**2,873,493**	2,996,335
— Considerations payable for business combinations	**5,499**	325,800
— Accruals and others	**856,651**	1,295,274
	6,029,751	6,785,309
Contingent considerations for business combinations	**214,683**	269,361
Payroll payables	**3,123,369**	3,138,169
Other taxes payables	**852,158**	695,708
	17,436,240	16,865,118

As at 31 December 2023, 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 2023 RMB'000	2022 RMB'000
Up to 1 year	**6,122,897**	5,550,167
1 to 2 years	**953,450**	366,965
2 to 3 years	**82,028**	50,277
Over 3 years	**57,904**	9,162
	7,216,279	5,976,571

32 Deferred income tax

The analysis of deferred income tax assets and deferred income tax liabilities was as follows:

	At 31 December 2023 RMB'000	2022 RMB'000
Deferred income tax assets:		
— to be recovered within 12 months	717,170	291,895
— to be recovered over 12 months	415,895	276,447
Total deferred tax assets	1,133,065	568,342
Set-off of deferred tax liabilities pursuant to set-off provisions	(225,565)	(253,627)
Net deferred tax assets	907,500	314,715
Deferred income tax liabilities:		
— to be recovered within 12 months	619,807	356,361
— to be recovered over 12 months	1,490,062	2,001,281
Total deferred tax liabilities	2,109,869	2,357,642
Set-off of deferred tax assets pursuant to set-off provisions	(225,565)	(253,627)
Net deferred tax liabilities	1,884,304	2,104,015

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.

32 Deferred income tax *(Continued)*

Deferred income tax assets:

	Allowance for impairment of receivables RMB'000	Tax losses RMB'000	Lease Liabilities (i) RMB'000	Fair value changes of financial assets RMB'000	Total RMB'000
At 1 January 2022	86,342	56,285	123,269	12,738	278,634
Charged to other comprehensive income	–	–	–	(12,738)	(12,738)
Credited to profit or loss	136,438	26,416	139,592	–	302,446
At 31 December 2022	222,780	82,701	262,861	–	568,342
At 1 January 2023	**222,780**	**82,701**	**262,861**	**–**	**568,342**
Credited to profit or loss	**579,761**	**22,108**	**(37,146)**	**–**	**564,723**
At 31 December 2023	**802,541**	**104,809**	**225,715**	**–**	**1,133,065**

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 2023, the Group did not recognise deferred income tax assets in respect of losses amounting to RMB94,720,000 (2022: RMB78,280,000) 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 2028 (2022: 2027).

(i) The Group has adopted amendments to HKAS 12 — Deferred tax related to assets and liabilities arising from a single transaction retrospectively from 1 January 2023. The amendment requires the Group to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. As a consequence, the Group will be required to recognise both a deferred tax asset and a deferred tax liability on the initial recognition of a lease.

No changes were necessary to any of the amounts recognised or disclosures made for applying the amendment of HKAS 12.

32 Deferred income tax *(Continued)*

Deferred income tax liabilities:

	Right-of-use assets (i) RMB'000	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 2022	(114,070)	(2,686)	(2,108,570)	(102,031)	(64,248)	(12,701)	(2,404,306)
Disposals of subsidiaries	–	–	20,471	–	–	–	20,471
Acquisition of subsidiaries	–	–	(71,393)	–	–	–	(71,393)
Charged to other comprehensive income	–	–	–	–	(24,970)	–	(24,970)
(Charged)/credited to profit or loss	(121,627)	1,249	257,443	(56,761)	46,045	(3,793)	122,556
At 31 December 2022	(235,697)	(1,437)	(1,902,049)	(158,792)	(43,173)	(16,494)	(2,357,642)
At 1 January 2023	**(235,697)**	**(1,437)**	**(1,902,049)**	**(158,792)**	**(43,173)**	**(16,494)**	**(2,357,642)**
Charged to other comprehensive income	**–**	**–**	**–**	**–**	**(18,274)**	**–**	**(18,274)**
(Charged)/credited to profit or loss	**10,134**	**(2,089)**	**265,716**	**(20,000)**	**–**	**12,286**	**266,047**
At 31 December 2023	**(225,563)**	**(3,526)**	**(1,636,333)**	**(178,792)**	**(61,447)**	**(4,208)**	**(2,109,869)**

As at 31 December 2023, 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 RMB9,555,087,000 (2022: RMB9,563,706,000). 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.

33 Bank and other borrowings

	At 31 December 2023			At 31 December 2022		
	Current	Non-current	Total	Current	Non-current	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Secured:						
Bank loans	614,560	652,135	1,266,695	1,097,262	792,005	1,889,267
Other borrowings	114,237	188,501	302,738	137,374	223,809	361,183
	728,797	840,636	1,569,433	1,234,636	1,015,814	2,250,450
Unsecured:						
Bank loans	—	—	—	3,000	—	3,000
Other borrowings	—	115	115	—	115	115
	—	115	115	3,000	115	3,115
Total bank and other borrowings	728,797	840,751	1,569,548	1,237,636	1,015,929	2,253,565

The Group's secured borrowings as at 31 December 2023 was amounted to RMB1,569,433,000 (2022: RMB2,250,450,000), mainly secured by certain transportation equipment of the Group with net book amount of RMB68,021,000 (2022: RMB86,757,000) and pledged by rights of collection of several city service projects.

As at 31 December 2023, the Group's bank and other borrowings were repayable as follows:

	Bank loans		Other borrowings	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	614,560	1,100,262	114,237	137,374
Over 1 year and within 2 years	81,230	7,000	56,743	77,133
Over 2 years and within 5 years	251,646	27,000	—	37,738
Over 5 years	319,259	758,120	131,873	108,938
	1,266,695	1,892,382	302,853	361,183

The weighted average effective interest rate for the year ended 31 December 2023 was 4.59% (2022: 4.88%) per annum.

The carrying amounts of the bank and other borrowings are denominated in RMB.

The carrying amounts of the current borrowings approximate their fair value, as the impact of discounting using a current borrowing rate is not significant.

34 Cash flow information

(a) Cash generated from operations

	Year ended 31 December 2023 RMB'000	2022 RMB'000
Profit before income tax	**1,079,650**	3,485,638
Adjustments for		
— Depreciation of property, plant and equipment (note 14)	**417,501**	427,853
— Depreciation of other right-of-use assets (note 15)	**176,901**	163,523
— Depreciation of investment properties (note 16)	**189,708**	116,895
— Impairment of goodwill and other intangible assets (note 17)	**1,475,999**	1,770,415
— Amortisation of other intangible assets (note 17)	**1,140,909**	1,160,549
— (Losses)/gains on disposals of plant, property and equipment (note 7)	**24,894**	(74,010)
— Gains from the change of sublease contracts (note 7)	**(50,452)**	—
— Gains on disposals of Investments accounted for using the equity method	**—**	(22,401)
— Gains on early termination of lease contracts (note 7)	**(30,882)**	(2,024)
— Realised and unrealised (gains)/losses from financial assets at FVPL (note 7)	**(3,474)**	252,382
— Employee share schemes — value of employee services (note 9)	**(202,649)**	55,464
— Share of results of investments accounted for using the equity method (note 19)	**50,921**	(34,425)
— (Gains)/Losses on disposals of subsidiaries (note 7)	**(69,257)**	84,955
— Finance (income)/costs — net (note 10)	**(38,181)**	72,132
— Dividends received from financial assets at FVOCI	**(166,944)**	(120,265)
Changes in working capital (excluding the effects of acquisition and disposals of subsidiaries):		
— Restricted bank deposits	**(141,088)**	(23,720)
— Inventories	**(245,686)**	(59,139)
— Trade and other receivables	**296,812**	(5,577,010)
— Contract assets	**(17,737)**	(153,941)
— Contract liabilities	**1,609,544**	1,110,054
— Trade and other payables	**746,344**	2,565,283
Cash generated from operations	**6,242,833**	5,198,208

34 Cash flow information *(Continued)*

(b) Non-cash investing and financing activities

Significant non-cash investing and financing activities for the year end 31 December 2023 represented additions of other right-of-use assets amounted to RMB401,877,000 (note 15), additions of investment properties amounted to RMB305,326,000 and additions of receivables from finance leases amounted to RMB165,938,000.

(c) In the consolidated statements of cash flows, proceeds from disposals of property, plant and equipment comprise:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Net book amount (note 14)	**93,165**	150,800
(Losses)/Gains on disposals (note 7)	**(24,894)**	74,010
Proceeds from disposals	**68,271**	224,810

34 Cash flow information *(Continued)*

(d) Net cash reconciliation

This section sets out an analysis of net debt and the movements in net debt.

	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 debt 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	–	(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 debt at 31 December 2022	11,215,770	(2,266,183)	(2,253,565)	–	6,696,022

	Other assets	**Liabilities from financing activities**		
	Cash RMB'000	**Lease liabilities RMB'000**	**Bank and other borrowings RMB'000**	**Total RMB'000**
Net debt at 1 January 2023	**11,215,770**	**(2,266,183)**	**(2,253,565)**	**6,696,022**
Cash flows	**1,466,376**	**389,286**	**776,073**	**2,631,735**
Acquisition of new contracts	**–**	**(873,141)**	**–**	**(873,141)**
Interest expenses accrued	**–**	**(141,761)**	**(92,056)**	**(233,817)**
Early termination of contracts	**–**	**1,374,120**	**–**	**1,374,120**
Currency translation differences	**(44,959)**	**–**	**–**	**(44,959)**
Net debt at 31 December 2023	**12,637,187**	**(1,517,679)**	**(1,569,548)**	**9,549,960**

35 Commitments

Commitments for capital expenditures

	At 31 December 2023 RMB'000	2022 RMB'000
Contracted but not provided for:		
Property, plant and equipment	**55,411**	55,536
Right-of-use assets	**54,096**	—
Intangible assets	**—**	43,888

36 Disposals of subsidiaries

During the year, the Group disposed of interests in several subsidiaries to certain third parties. Details of the disposals are as follows:

	RMB'000
Disposal considerations	**7,338**
— Cash received	**2,338**
— Outstanding and included in other receivables	**5,000**
Less:	
— Total net assets of subsidiaries disposed of	**102,287**
— Non-controlling interests disposed of	**(40,368)**
Gains on disposals (note 7)	**69,257**
Cash proceeds from disposals, net of cash disposed of	
— Cash considerations received	**2,338**
— Less: cash and cash equivalents in the subsidiaries disposed of	**(31,088)**
Net cash outflow on disposals	**(28,750)**

37 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	
	2023	2022
	RMB'000	RMB'000
Provision of services (i)		
— Entities controlled by the Ultimate Controlling Shareholder	**1,139,644**	2,071,304
— Entities jointly controlled by the Ultimate Controlling Shareholder	**90,554**	270,397
— Entities over which the Ultimate Controlling Shareholder has significant influence	**84,630**	74,642
— Entities controlled by the close relatives of the Ultimate Controlling Shareholder	**13,636**	—
	1,328,464	2,416,343
Purchase of goods and services		
— Entities controlled by the Ultimate Controlling Shareholder	**45,399**	41,243
— Entities jointly controlled by the Ultimate Controlling Shareholder	**91,576**	404
— Entities over which the Ultimate Controlling Shareholder has significant influence	**20,530**	6,034
— Entities controlled by the close relatives of the Ultimate Controlling Shareholder	**3,851**	7,504
	161,356	55,185
Acquisition of assets		
— Entities controlled by the Ultimate Controlling Shareholder	**—**	21,744

(i) In 2023, due to the credit risk of certain related parties has increased significantly, the Group only recognised revenue from the related parties according to policies in note 5(c). Excluding such effect, revenue from provision of services to the related parties for the year ended 31 December 2023 was approximately RMB1,529,779,000 (2022: RMB2,416,343,000).

37 Related party transactions *(Continued)*

(b) Transactions with related parties *(Continued)*

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Addition of investment properties		
— Entities controlled by the Ultimate Controlling Shareholder	**–**	307,236
— Entities jointly controlled by the Ultimate Controlling Shareholder	**–**	172,324
	–	479,560
Interest expenses on lease liabilities		
— Entities controlled by the Ultimate Controlling Shareholder	**72,866**	36,897
— Entities jointly controlled by the Ultimate Controlling Shareholder	**–**	22,247
	72,866	59,144
Repayment of lease liabilities		
— Entities controlled by the Ultimate Controlling Shareholder	**135,849**	66,389
— Entities jointly controlled by the Ultimate Controlling Shareholder	**–**	50,538
	135,849	116,927
Rental expenses		
— Entities controlled by the Ultimate Controlling Shareholder	**13,659**	21,869
— Entities jointly controlled by the Ultimate Controlling Shareholder	**–**	433
	13,659	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.

37 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	
	2023	2022
	RMB'000	RMB'000
Salaries and other short-term employee benefits	**14,246**	20,596
Share-based payments	**—**	28,772
Fees	**900**	900
Contribution to retirement benefits and other social insurances	**238**	336
	15,384	50,604

(e) Balances with related parties

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Receivables from related parties		
Trade receivables		
— Entities controlled by the Ultimate Controlling Shareholder	**2,757,874**	1,416,563
— Entities jointly controlled by the Ultimate Controlling Shareholder	**165,454**	240,719
— Entities over which the Ultimate Controlling Shareholder has significant influence	**70,606**	70,936
— Entities controlled by the close relatives of the Ultimate Controlling Shareholder	**3,227**	3,126
	2,997,161	1,731,344
Less: allowance for impairment of trade receivables from related parties (note 3.1.1(a))	**(2,198,613)**	—
	798,548	1,731,344
Prepayments		
— Entities controlled by the Ultimate Controlling Shareholder	**8,678**	3,435
— Entities jointly controlled by the Ultimate Controlling Shareholder	**499**	1,018
— Entities over which the Ultimate Controlling Shareholder has significant influence	**5,140**	3,201
	14,317	7,654

37 Related party transactions *(Continued)*

(e) Balances with related parties *(Continued)*

	At 31 December 2023 RMB'000	2022 RMB'000
Payables to related parties		
Trade payables		
— Entities controlled by the Ultimate Controlling Shareholder	**171,161**	69,841
— Entities jointly controlled by the Ultimate Controlling Shareholder	**26,494**	13,674
— Entities over which the Ultimate Controlling Shareholder has significant influence	**9,841**	232
— Entities controlled by the close relatives of the Ultimate Controlling Shareholder	**2,816**	325
	210,312	84,072
Contract liabilities		
— Entities controlled by the Ultimate Controlling Shareholder	**83,459**	56
— Entities jointly controlled by the Ultimate Controlling Shareholder	**8,096**	49,512
— Entities over which the Ultimate Controlling Shareholder has significant influence	**2,335**	28,127
— Entities controlled by the close relatives of the Ultimate Controlling Shareholder	**814**	2
	94,704	77,697

38 Statement of financial position and reserve movement of the Company

	Note	At 31 December 2023 RMB'000	2022 RMB'000
Assets			
Non-current assets			
Investments in subsidiaries		**96,685**	299,334
Property, plant and equipment		**12**	22
Other receivables		**25,945,632**	26,715,295
		26,042,329	27,014,651
Current assets			
Cash and cash equivalents		**93,080**	14,308
Dividends receivable		**4,137,624**	3,751,810
Other receivables		**98**	512
		4,230,802	3,766,630
Total assets		**30,273,131**	30,781,281
Equity			
Share capital and share premium		**26,823,159**	27,086,215
Other reserves		**95,744**	298,393
Retained earnings		**3,347,096**	3,390,478
Total equity		**30,265,999**	30,775,086
Liabilities			
Current liabilities			
Other payables		**7,132**	6,195
Total liabilities		**7,132**	6,195
Total equity and liabilities		**30,273,131**	30,781,281

The statement of financial position of the Company was approved by the Board of Directors on 27 March 2024 and was signed on its behalf.

Xu Binhuai	**Xiao Hua**
Director	Director

38 Statement of financial position 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 2022	1,009,206	242,929
Profit for the year	3,390,351	—
Dividends	(1,009,079)	—
Issue of shares under employee scheme	—	55,464
At 31 December 2022	3,390,478	298,393
At 1 January 2023	**3,390,478**	**298,393**
Profit for the year	**1,211,759**	**—**
Dividends	**(1,255,141)**	**—**
Issue of shares under employee scheme	**—**	**(202,649)**
At 31 December 2023	**3,347,096**	**95,744**

39 Directors' benefits and interests

Chairman and Non-executive Director

Ms. Yang Huiyan (note (a))

Executive Director

Mr. Xu Binhuai, President (i)
Mr. Xiao Hua
Mr. Guo Zhanjun

Independent non-executive directors

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

(i) In October 2023, Mr. Li Changjiang resigned from his position and Mr. Xu Binhuai was appointed as an executive director and the president of the Group.

39 Directors' benefits and interests *(Continued)*

(a) Directors' emoluments

The directors received emoluments from the Group for the year ended 31 December 2023 as follows:

Name	Fees RMB'000	Salary RMB'000	Contributions to retirement benefits and other social security costs RMB'000
Executive directors			
Mr. Li Changjiang	—	5,800	47
Mr. Xu Binhuai	—	1,500	43
Mr. Xiao Hua	—	2,030	29
Mr. Guo Zhanjun	—	1,750	46
Independent non-executive directors			
Mr. Mei Wenjue	300	—	—
Mr. Chen Weiru	300	—	—
Mr. Rui Meng	300	—	—
	900	11,080	165

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 (ii)	—	—	—	4,918
Independent non-executive directors				
Mr. Mei Wenjue	300	—	—	—
Mr. Chen Weiru	300	—	—	—
Mr. Rui Meng	300	—	—	—
	900	10,290	135	18,689

(i) In 2023, the amount of employee share schemes – value of employee services is nil as the respective share options are not vested due to failure of meeting performance standards.

(ii) In August 2022, Mr. Yang Zhicheng resigned from his position as an non-executive director.

39 Directors' benefits and interests *(Continued)*

(a) Directors' emoluments *(Continued)*

The non-executive directors, Ms. Yang Huiyan did not receive any emoluments from the Group during the years ended 31 December 2023 and 2022. Ms. Yang Huiyan has made arrangements with the Company under which she has waived or agreed to waive her emolument.

(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 (2022: nil).

(c) Directors' termination benefits

There were no director's termination benefits subsisted during the year (2022: nil) and there was no compensation paid during the year or receivable by Mr. Li Changjiang 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.

(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 (2022: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 (2022: 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 37.

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 (2022: nil).

40 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 of 31 December 2023, the principal amount involved in the guarantee of the relevant debt is approximately RMB689,500,000 (2022: Same). Together with accrued interests and penalties, the total guarantee amount is approximately RMB934,500,000 (2022: RMB770,000,000).

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 agreement regarding the acquisition of Caixin Services; (4) the Company has actively taken legal proceedings, to protect the Company's legitimate rights and interests. As at 31 December 2023, the amount of restricted bank deposits in the frozen bank accounts of Caixin Services was RMB23,562,000 (2022: RMB5,385,000). As at 31 December 2023, the Group has assessed that the expected credit losses for the financial guarantee and accordingly made a provision of RMB6,598,000 (2022: Same). When estimating the expected credit losses of the financial guarantee, management applied estimation under various scenarios of repayment orders after taking into account the lawyer's opinion.

41 Summary of other potentially material accounting policies

41.1 Principles of consolidation and equity accounting

(a) 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.

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 statement of financial position respectively.

41 Summary of other potentially material accounting policies *(Continued)*

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

(b) 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 41.1.(d)), after initially being recognised at cost.

(c) 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 41.1.(d)), after initially being recognised at cost in the consolidated statement of financial position.

(d) 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.

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 41.6.

41 Summary of other potentially material accounting policies *(Continued)*

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

(e) 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.

41.2 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.

41.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The 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.

41 Summary of other potentially material accounting policies *(Continued)*

41.4 Foreign currency translation

(i) 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.

(ii) 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.

(iii) 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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position,
- 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.

41 Summary of other potentially material accounting policies *(Continued)*

41.5 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.

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.

41.6 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 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.

41 Summary of other potentially material accounting policies *(Continued)*

41.7 Investments and other financial assets

(i) 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.

(ii) 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.

(iii) 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.

41 Summary of other potentially material accounting policies *(Continued)*

41.7 Investments and other financial assets *(Continued)*

(iii) Measurement *(Continued)*

Debt instruments

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

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. 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.

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.

41 Summary of other potentially material accounting policies *(Continued)*

41.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position 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.

41.9 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.

For other receivables, the Group assesses whether their credit risk has increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their impairment allowance and recognize their expected credit losses, as follows:

Stage 1 — if the credit risk has not increased significantly since its initial recognition, the financial asset is included in Stage 1.

Stage 2 — if the credit risk has not increased significantly since its initial recognition but is not yet deemed to be credit-impaired, the financial instrument is included in Stage 2.

Stage 3 — if the financial instruments are credit-impaired, the financial instrument is included in Stage 3.

41.10 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.

41.11 Trade and other receivables

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

Trade 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.

41 Summary of other potentially material accounting policies *(Continued)*

41.12 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 statement of financial position. Restricted cash are excluded from cash and cash equivalents.

41.13 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.

41.14 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.

41.15 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 statement of financial position 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.

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.

41 Summary of other potentially material accounting policies *(Continued)*

41.16 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.

41.17 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.

(i) 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.

(ii) 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.

41 Summary of other potentially material accounting policies *(Continued)*

41.18 Employee benefits

(i) 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.

(ii) 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.

(iii) 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.

(iv) 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 statement of financial position date.

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

41 Summary of other potentially material accounting policies *(Continued)*

41.19 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 30. 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).

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.

41 Summary of other potentially material accounting policies *(Continued)*

41.20 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.

41.21 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).

41.22 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.

41 Summary of other potentially material accounting policies *(Continued)*

41.23 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.

41.24 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.

41.25 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.

"2024 AGM"	the annual general meeting of the Company to be held on Thursday, 6 June 2024
"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 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 Services"	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, is beneficially wholly-owned by Ms. Yang Huiyan
"Corporate Governance Code"	Corporate Governance Code as set out in Appendix C1 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 Tuesday, 18 June 2024
"Executive"	the executive director of the corporate finance division of the Securities and Futures Commission of Hong Kong or any delegate of the executive director

Glossary

"Fortune Warrior"	Fortune Warrior Global Limited, a limited liability company incorporated in the BVI on 25 April 2019, 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 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
"Shareholders"	holder(s) of the Share(s)
"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
"Takeovers Code"	the Code on Takeovers and Mergers and Share Buy-backs
"The Year"	The year ended 31 December 2023
"Three Supplies and Property Management"	water, electricity, heat supply and property management
"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

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