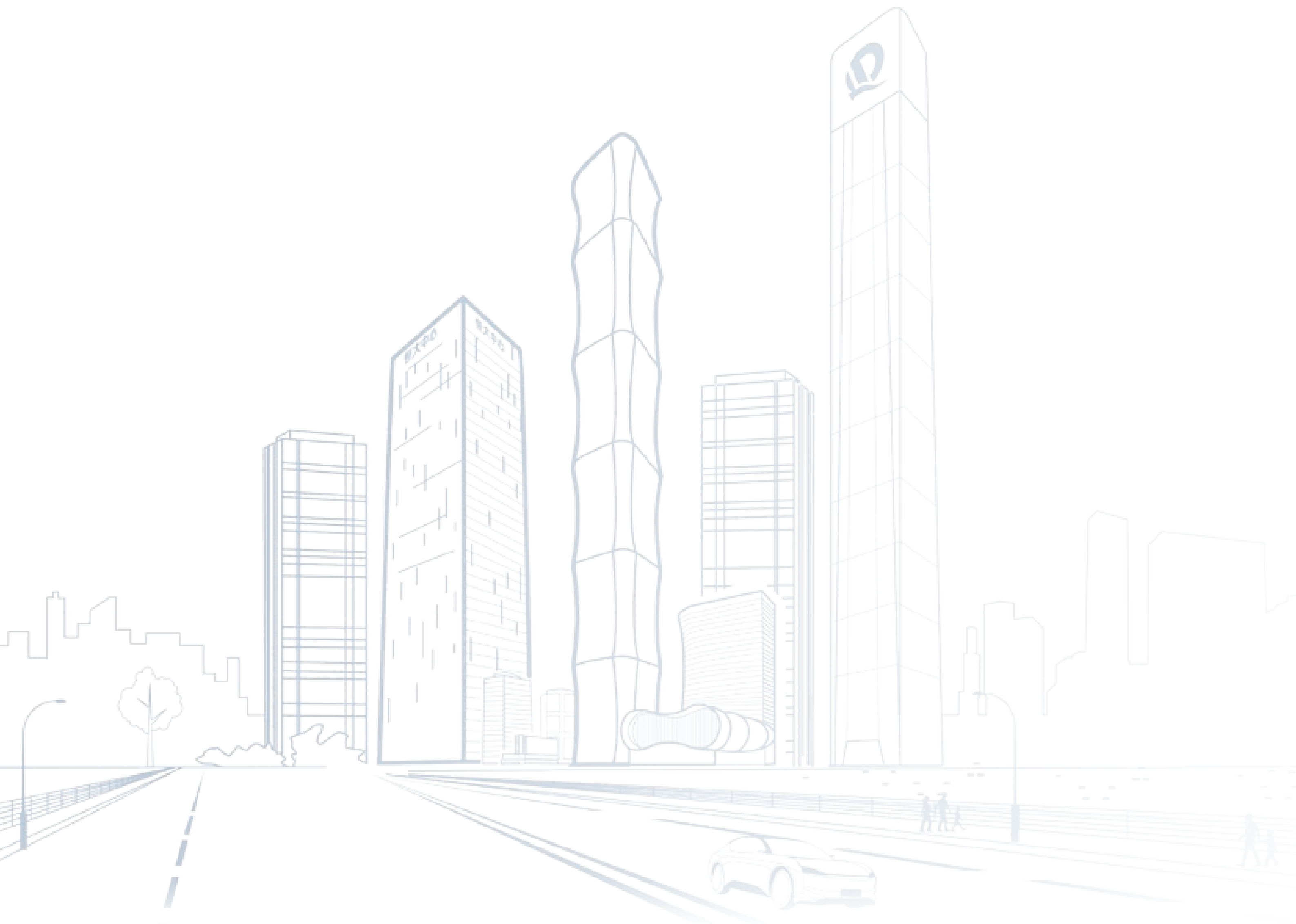
恒大物業
EVERGRANDE PROPERTY SERVICES

EVERGRANDE PROPERTY SERVICES GROUP LIMITED
恒大物業集團有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 6666

2020 Annual Report

Conscientious **Services** | Heartfelt **Companionship**



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Company Profile

Evergrande Property Services Group Limited ("**Evergrande Property**" or the "**Company**", together with its subsidiaries, the "**Group**") is one of the largest and fastest-growing comprehensive property management service providers in China. Due to its high-quality services, the Group has been highly recognized by the market. The Group was ranked third in the Top 100 Brand Value of China Property Service Enterprises in 2020, and was among the Top 100 China Leading Property Service Enterprises in Servicing Quality and the Top 100 China Leading Property Service Enterprise in Customer Satisfaction in 2020, as well as receiving a number of other honorary titles.

Evergrande Property was established in 1997. Through 25 years of development and refinement, it has always been adhering to the humanized service concept of "conscientious services and heartfelt companionship" and keeping in mind the quality policy of "thinking alike with customers and meeting their urgent needs", so as to achieve the mission of "dual satisfaction in terms of process and results". Evergrande Property provides caring and professional property services through a unique standardized operation and management model, creates a superior living experience for property owners, improves property owners' satisfaction and customer loyalty. It also effectively integrates business resources based on customer demands with different cycles and links up upstream and downstream cooperation units, thereby providing full-cycle and full-scenario services to customers.

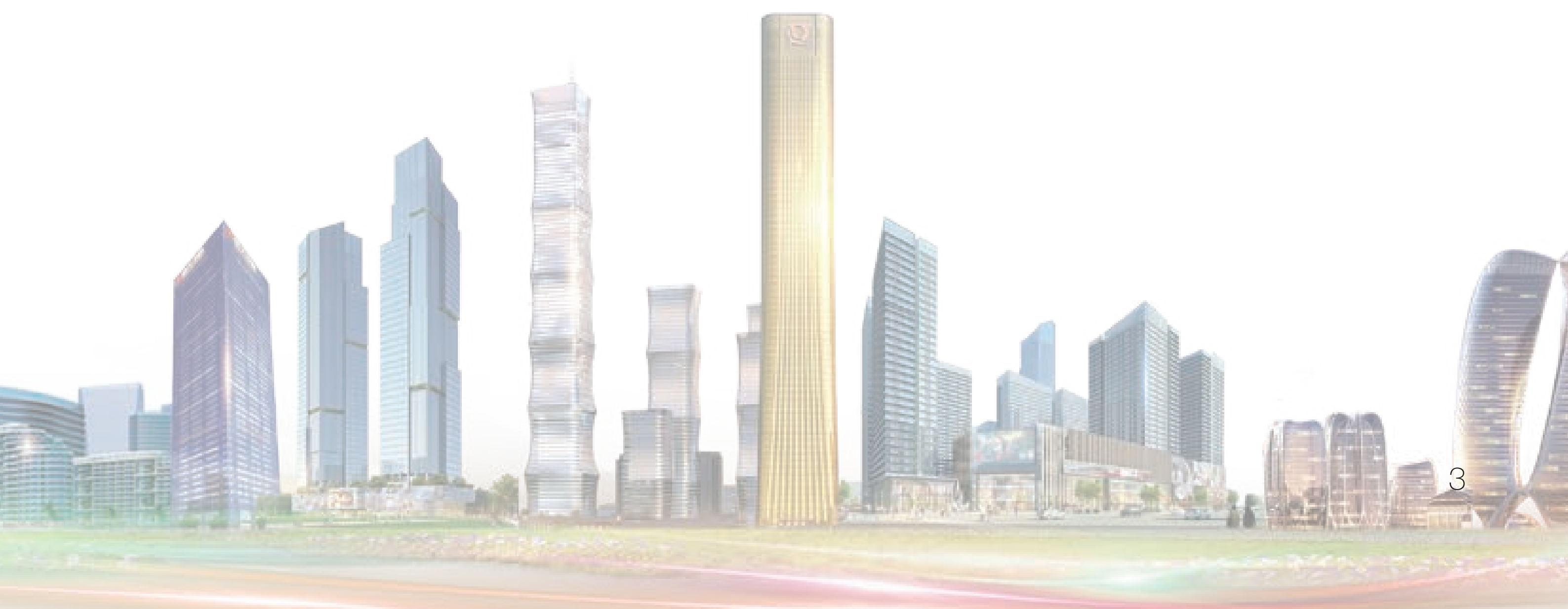
Evergrande Property was as usual driven by the needs of customers aiming to achieve customer satisfaction, and committed to large-scale development, standardized operation, professional services and intelligent management with a view to providing customers with high quality property management services, community value-added services and non-property owner value-added services. As at 31 December 2020, the total contracted area under management of the Group was approximately 565 million sq.m., and the area under management was approximately 300 million sq.m., covering 22 provinces, five autonomous regions, four municipalities and Hong Kong, with a total of 290 cities and 937 managed projects and providing services to more than 2.2 million households.

Property management services – The Group offers a wide range of property management services to residents, property developers and tenants of non-residential properties. Our services include butler services, security services, cleaning and greening services, and repair and maintenance services. Focusing on residential servicing and taking advantage of the diversified development of China Evergrande Group ("**China Evergrande**", and together with its subsidiaries, the "**Evergrande Group**"), the ultimate holding company of the Group, and the rapid growth of third-party management scale, the Company will accelerate the development of its diversified business model, which will cover residential properties, commercial properties, theme parks, industrial parks, healthcare complexes, as well as public facilities such as schools, hospitals, banks, government buildings, high-speed railway, airports and scenic spots, and will rapidly expand into the field of urban public services.

Community value-added services – The Group aggressively develops community value-added services to cater for the livelihood needs of households, and provides full-cycle, full-chain and full-process diversified value-added services throughout the community development stage and family growth cycle and in various scenarios of community life, including (i) community operation services (including group purchase activities, community space operations, etc.); (ii) community assets management (including parking space leasing, real estates agency, and sports and entertainment complex operation services, etc.); and (iii) community living services (such as housekeeping, home renovation, etc.).

Value-added services to non-property owners – The value-added services to non-property owners provided by the Group basically cover the entire process of real estate development and construction, mainly including (i) preliminary property management services in the process of construction and pre-sale (including construction site management, sales office management and consulting services); (ii) pre-delivery services after the completion of development and in the process of delivery (including cleaning and inspecting the properties to be delivered as well as assisting in the delivery process); (iii) repairs and maintenance services during the post-delivery quality warranty periods; and (iv) property transaction assistance services in relation to parking spaces and retail spaces.

On 2 December 2020, Evergrande Property was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), which was also a new starting point for Evergrande Property's further growth. Since its listing on the Main Board of the Stock Exchange (the "**Listing**"), Evergrande Property has received market attention and recognition. From January to March 2021, various investment banks issued research reports which gave a "buying" rating, representing a huge upward potential for the share price. On 15 March 2021, Evergrande Property was included in the Hang Seng Composite LargeCap Index.



Corporate Information

Board of Directors

Executive Directors

Mr. Zhao Changlong
Mr. Hu Liang
Mr. Wang Zhen
Ms. An Lihong

Independent Non-executive Directors

Mr. Chan Chun Hung, Vincent
Mr. Victor Huang
Mr. Guo Zhaohui

Audit Committee

Mr. Victor Huang (Chairman)
Mr. Chan Chun Hung, Vincent
Mr. Guo Zhaohui

Remuneration Committee

Mr. Guo Zhaohui (Chairman)
Mr. Victor Huang
Mr. Hu Liang

Nomination Committee

Mr. Zhao Changlong (Chairman)
Mr. Chan Chun Hung, Vincent
Mr. Guo Zhaohui

Authorized Representatives

Mr. Zhao Changlong
Mr. Fong Kar Chun, Jimmy

Company Secretary

Mr. Fong Kar Chun, Jimmy

Headquarters and Principal Place of Business in the PRC

Third Compartment of Room 3101
No. 78, Huangpu Ave West
Tianhe District
Guangzhou
Guangdong, PRC.

Principal Place of Business in Hong Kong

23rd Floor, China Evergrande Centre
38 Gloucester Road
Wanchai
Hong Kong

Registered Office

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Auditors

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

Legal Advisers

Sidley Austin

Principal Banks

Bank of China Limited
China CITIC Bank Corporation Limited
Agricultural Bank of China Limited
Industrial and Commercial Bank of China Limited
China Construction Bank Corporation
Shanghai Pudong Development Bank Co., Ltd.

Stock Code on Main Board of the Stock Exchange of Hong Kong Limited

6666

Company's Website

www.evergrandeservice.com

Milestones

January 2020

Since the outbreak of the COVID-19 pandemic, tens of thousands of employees of Evergrande Property stayed on the frontline of prevention and control of the pandemic round-the-clock, to protect the health and safety of nearly 2 million households in more than 280 cities across the country through practical actions, winning high recognition from local governments and property owners.

February 2020

The Evergrande Group awarded the employees of the Group with a “Special Recognition Award” to those who worked in the front-line during the Lunar New Year holiday. In addition to overtime wages on national statutory holidays, the employees were rewarded with 1 to 3 times their wages and approved comprehensive bonuses.

August 2020
Evergrande Property introduced a group of strategic investors including CITIC Capital, Tencent Holdings, Yunfeng Capital and Sequoia Capital at a total consideration of HK$23.5 billion. This is the largest equity financing exercise in the history of property enterprises.

September 2020
Evergrande Property acquired 100% equity interests in Nanchang Xinya, Chengdu Wellspo, Zunyi Zhongxin and Yongkang Jiahua Property Co., Ltd.

2 December 2020
Evergrande Property (6666.HK) was officially listed on the Main Board of the Stock Exchange, opening a new chapter in the development of the Company.

Awards and Recognition

Partly presented

Top 100 Property Management
Companies in China in 2020

Top Ten Property Management
Companies in Service Scale in China
in 2020

Top 100 Property Management
Companies in Service Quality
in China in 2020

In May 2020, Evergrande Property was awarded various honorary titles, including being listed in the "Top 100 China Property Management Companies", "Top Ten China Property Management Companies in Service Scale", "Top 100 China Property Management Companies in Service Quality", "Top 100 China Property Management Companies in Customer Satisfaction" and "Leading China Property Management Companies in Community Value-added Services" by China Index Academy in 2020.

Top 100 Property Management Companies in Customer Satisfaction in China in 2020

Property Management Company with Featured Brand Image in Community Value-added Services in China in 2020

Benchmarking Enterprise in Terms of Integrity

Most Socially Responsible Company in the 2020 Property Management Capital Forum

In August 2020, Evergrande Property was ranked third among the "Top 100 China Property Management Company Brand Value in 2020" issued by China Real Estate News, and was accredited as the "Benchmarking Enterprise in Terms of Integrity" by Guangdong Property Management Industry Association.

In December 2020, Evergrande Property was awarded the title of the "Most Socially Responsible Company in the 2020 Property Management Capital Forum" by the Securities Daily.

Chairman's Statement

Dear Shareholders,

The board of directors (the "**Directors**") of the Company (the "**Board**") is pleased to present the results of the Group for the year ended 31 December 2020.

The Group's operating revenue for the year was approximately RMB10,509 million, representing a year-on-year increase of approximately 43.3%. Gross profit was approximately RMB4,006 million, representing a year-on-year increase of approximately 128.3%. Net profit was approximately RMB2,647 million, representing a year-on-year increase of approximately 184.5%. Profit attributable to shareholders was approximately RMB2,648 million, representing a year-on-year increase of approximately 184.7%. Basic earnings per share were approximately RMB0.26.

2020 was an extraordinary year. Hit by the COVID-19 at the beginning of the year, all of the Evergrande Property people actively responded to the call of the country to practice corporate social responsibility, and efficiently coordinated with governments at all levels to overcome the difficulties with the most stringent, comprehensive and thorough prevention and control measures adopted, starting a blocking battle against the pandemic.

On the occasion of this annual results announcement, first of all, please allow me, on behalf of the Group, to pay my high respects to our property service staff who stayed on at the front line of the fight against the COVID-19. They acted bravely and stood fast to their posts, daring to stay on for the "last mile" of the fight against the pandemic without hesitation, thus building the first line of defense for epidemic prevention and control. They went all out to do a good job for the "closed management" of the community, implementing stringent epidemic prevention and control while offering humanistic services, strictly controlling entrances and exits of the parks, conducting full-coverage and high-frequency disinfection and sterilization in key areas, and actively providing services such as delivering goods and vegetables to the door. They shouldered the important task of epidemic prevention in an effort to safeguard the health of residents, striving to be the "security guards" for tens of millions of families, silently guarding the homeland of everyone. Given their perseverance, more residents felt safe and secure and the social value of a property service enterprise has become more obvious.

The sudden outbreak of the COVID-19 has reshaped the market's perception of the value and positioning of property enterprises. The property service industry, which is characterized by increasingly prominent unique attributes such as strong counter-cyclical attributes, wide applicability, huge potential resources, and asset-light operations, has aroused high market attention. With various favorable policies being promulgated by the government, the process of urbanization has accelerated, a trillion-yuan blue ocean market has gradually taken shape, and the property management industry has entered a period of rapid development.

2020 was a "capacity building year" for the property management industry. Benchmarking companies quickened their transformation and upgrading, stepped up efforts on large-scale expansion, and paid attention to high-quality growth, actively exploring new sources of revenue growth for diversified operations, and intensifying the use of high-tech means to optimize management, reduce cost and improve efficiency, with the industry upgrading to standardization, specialization, and intelligentization.

As the degree of industry concentration increases, the competitive advantages of branded property companies have become increasingly prominent. Companies are more likely to win the recognition of the market and customers on excellent service quality and a leading service brand. In areas such as business expansion and diversified development, there is a tendency that the strong ones stay strong. The property industry is expected to usher in a watershed for development.

Looking at the higher and newer requirements on the property management industry put forward in the 14th Five-Year Plan, continuously improving service quality and innovative ability to meet the diverse needs of customers will become the key direction for the development of property service companies. Property companies will innovate their service models, upgrade their technological capabilities, enrich their value-added service contents, and riding the tide of the capital market, achieve leapfrog development, high-quality growth and branded operation for competing in the trillion-yuan-level market.

Adhering to the strategy of "winning by scale", we have been maintaining high-quality expansion and a diversified layout. Leveraging high-quality services, standardized operations, technological empowerment and other advantages, the Group has established a complete market development system, achieving remarkable results in terms of external expansion and mergers and acquisitions. In 2020, the Company saw a new high in the growth in scale. With the development of diversified industries by China Evergrande and the rapid increase in the scale of third-party management, the Group has experienced an accelerated progress in multi-disciplinary development, with the portfolio covering residential properties, commercial properties and office buildings, theme parks, industrial parks, healthcare complexes, schools, hospitals, banks, government buildings, high-speed railways, airports, scenic spots and other public facilities, and has rapidly expanded in the direction of urban public service, building a richer service portfolio and a more balanced regional layout, further consolidating the its leading position in the industry, and providing ample room for high-speed and stable development going forward.

Adhering to the "standardized operation" strategy, we have been focusing on quality improvement and service innovation. We have always been guided by the needs of residents for a better life. After nearly 25 years of development and accumulation, we provide intimate, professional, meticulous and secure services through our unique standardized operation and management model to create the best living experience, winning recognition with our services and solidifying the endogenous cornerstone of our property development. While continuously enriching the substance and extension of basic services, the Group effectively integrates operating resources based on community development stages, family growth cycles and community life scenarios, opening up upstream and downstream cooperative units, gradually expanding and extending the layout of value-added service portfolios, providing community space operations, community group buying, community assets, community living and other diversified value-added services, and actively explores more service offerings, leveraging technology, big data and other means to achieve precision marketing, creating the advantages of differentiated service, and continuing to improve profitability and scale.

Adhering to the "technological transformation" strategy, we have been pushing forward technological empowerment and digital development. Based on technologies such as artificial intelligence, cloud computing, big data, and the Internet of Things, the Group has established a sound smart property management service system through cooperation with leading technology companies. Owning more than 240 technical patents, the Group has achieved online-based standardized operations, including smart life, smart parks, and smart SaaS management and property platforms, to meet the needs of managing multiple disciplines, scenarios and customers, thus building an online and offline living service circle. The results in quality improvement, cost reduction and efficiency enhancement have been significant.

In integrating existing technological achievements, the Group has created a smart city operation system with the smart Sea Flower Island as the blueprint capitalizing on the advantages of big data, big technology, and big ecology, further promoting the in-depth integration of the smart operation system with urban services, completing the upgrade of smart services from closed parks to open communities and then to urban operations, thus facilitating the Company's layout of integrated urban services. Going forward, the smart city service system will cover transportation, healthcare, communities, public service and other scenarios.

Adhering to the strategy of "strengthening the enterprise with talents", we have been building a "Two Highs, One Light" team and a comprehensive training system. The Group provides a complete training and development system for all employees with respect to the four aspects of selection, training, employment and retention. Adhering to a high-standard, moderately-advanced employment mechanism and taking into account the characteristics and needs of the posts, the Group has introduced a large number of highly-educated and high-quality young professionals, continuously injecting fresh blood into the Company. By optimizing the "professionalism + management" dual-channel career development path, the Group promotes the mechanism of training employees to achieve competency in one specialty and acquire multiple capabilities to promote the development of the Company and the growth of employees, thus achieving a win-win situation. The Group continues to improve the employee incentive and protection plans, and pays attention to employee experience, development and growth with emphasis on interaction and communication in the process to enhance the sense of belonging among employees. By building a high-quality talent team that is skilled, application-oriented, compound and innovative, it will continue to provide strong talent guarantee for the rapid development of the enterprise.

2021 is the first year of the "14th Five-Year Plan". The Group will seize opportunities for market integration. Adhering to a diversified layout and scale expansion strategy with focus on our six key capabilities, namely scale, quality, operation, technology, brand, and talent, the Group will constantly improve the standardized operation system, and upgrade and innovate the smart property management system, continuously releasing the potential of community value-added service business, consolidating our leading position in the industry with core advantages such as high speed, high net worth, light assets, and technology, striving to become the world's largest property service group with the widest layout, the most comprehensive portfolio, and the best efficiency.

Finally, on behalf of the Board, I would like to thank all our employees and the management for their contributions to the development of the Company. I would also like to express my sincere gratitude to all shareholders of the Company (the "**Shareholders**") and stakeholders for their trust and support.

Zhao Changlong
Chairman of the Board
Hong Kong, 16 March 2021

Management Discussion and Analysis

Business Review

Although faced with complicated economic situation and industry competition in 2020, Evergrande Property was as usual driven by the needs of customers aiming to achieve customer satisfaction, and committed to large-scale development, standardized operation, professional services and intelligent management with a view to providing customers with high quality property management services, community value-added services and non-property owner value-added services. During the current year, various indicators such as management scale, number of city covered and the growth of operating performance of the Company were ranked among the best in the industry. The Company has become one of the largest and fastest-growing property management service operators in China and was listed on the Main Board of the Stock Exchange on 2 December 2020, opening a new chapter in the development of the Company.

Property management services

The Group offers a wide range of property management services to residents, property developers and tenants of non-residential properties. Our services include butler services, security services, cleaning and greening services, and repair and maintenance services. Focusing on residential servicing and taking advantage of the diversified development of China Evergrande and the rapid growth of third-party management scale, the Company will accelerate the development of its diversified business model, which will cover residential properties, commercial properties, theme parks, industrial parks, healthcare complexes, as well as public facilities such as schools, hospitals, banks, government buildings, high-speed railway, airports and scenic spots, and will rapidly expand into the field of urban public services.

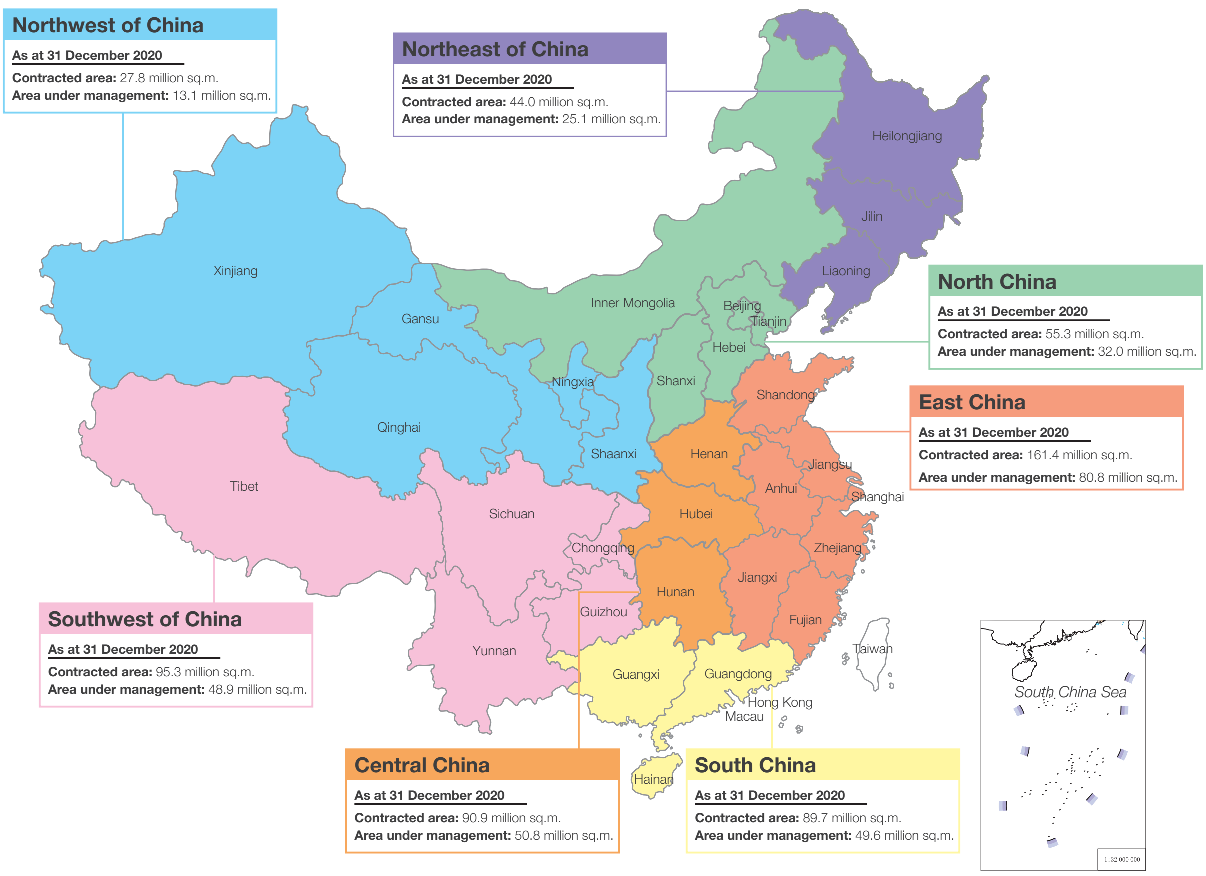
The following table sets forth a breakdown of the area under management of the Group by types of properties:

	Area under management as at 31 December 2020 ('000 sq.m.)	Percentage (%)	Area under management as at 31 December 2019 ('000 sq.m.)	Percentage (%)	Change ('000 sq.m.)	Growth rate (%)
Residential properties	291,597	97.1	235,788	99.1	55,809	23.7
Non-residential properties	8,843	2.9	2,067	0.9	6,776	327.8
Total	300,440	100	237,855	100	62,585	26.3

As at 31 December 2020, the contracted area under management and area under management of the Group by region are as follows:

	Contracted area under management ('000 sq.m.)	Percentage (%)	Area under management ('000 sq.m.)	Percentage (%)
East China[1]	161,446	28.6	80,847	26.9
North China[2]	55,347	9.8	32,046	10.7
Northwest of China[3]	27,845	4.9	13,129	4.4
South China[4]	89,690	15.9	49,636	16.5
Southwest of China[5]	95,304	16.9	48,899	16.3
Central China[6]	90,863	16.1	50,770	16.9
Northeast of China[7]	44,013	7.8	25,112	8.4
Total	564,507	100.0	300,440	100.0

1. Including Shanghai, Jiangsu, Zhejiang, Anhui, Jiangxi, Shandong and Fujian.
2. Including Beijing, Tianjin, Hebei, Shanxi and Inner Mongolia.
3. Including Shaanxi, Gansu, Qinghai, Ningxia and Xinjiang.
4. Including Guangdong, Guangxi, Hainan and Hong Kong.
5. Including Chongqing, Sichuan, Guizhou, Yunnan and Tibet.
6. Including Henan, Hubei and Hunan.
7. Including Heilongjiang, Jilin and Liaoning.



As at 31 December 2020, the total contracted area under management of the Group was approximately 565 million sq.m., and the area under management was approximately 300 million sq.m. (including approximately 9.7 million sq.m. of property areas developed by third party developers), covering 22 provinces, five autonomous regions, four municipalities and Hong Kong, with a total of 290 cities and 937 managed projects and providing property management services to more than 2.2 million households. Due to its high-quality services, the Group has been highly recognized by the market, with a customer satisfaction rate of 95.6 and a project renewal rate of 100% for the current year. The Group was ranked third in the Top 100 Brand Value of China Property Service Enterprises in 2020, and was among the Top 100 China Leading Property Service Enterprises in Servicing Quality and the Top 100 China Leading Property Service Enterprise in Customer Satisfaction in 2020, as well as receiving a number of other honorary titles.

During the year, revenue from property management services was approximately RMB6,321.5 million, representing a year-on-year increase of approximately 37.1%, and gross profit margin increased by 15.9 percentage points to approximately 33.6%. The revenue accounted for approximately 60.2% of total revenue.

Community value-added services

The Group aggressively develops community value-added services to cater for the livelihood needs of households, and provides full-cycle, full-chain and full-process diversified value-added services throughout the community development stage and family growth cycle and in various scenarios of community life, including community operation services, community assets management, community life and other services.

During the year, revenue from community value-added services was approximately RMB1,264.1 million, representing a year-on-year increase of approximately 120.6%, and the gross profit margin was approximately 63.4%. The percentage of the revenue accounting for the total revenue increased to approximately 12.0% from approximately 7.8% for the same period in 2019. The classification of the services is as follows:

1. The Group deeply explores the diverse service needs of residents and the enormous available space resources in the community, leverages its nationwide scale advantages and abundant cooperative business resources, and vigorously carries out businesses such as community group purchase, community media and community space operations. During the year, revenue from community operation services was approximately RMB621.5 million, representing a year-on-year increase of approximately 207.3%.

2. By fully utilizing the abundant property resources of the projects under management, the Group provides residents with parking space leasing and sports and entertainment complex services, as well as cooperates with merchants to provide services such as assistance in the sales and leasing of pre-owned properties. During the year, community asset management realized revenue of approximately RMB481.0 million, representing a year-on-year increase of approximately 58.8%.

3. By consolidating a huge amount of high-quality living service resources across the country and continuously integrating into various aspects of daily lives of residents, the Group provides safe, convenient, professional and caring housekeeping services, home equipment upgrades and public business agency services for residents. During the year, community living services realized revenue of approximately RMB161.6 million, representing a year-on-year increase of approximately 138.0%.

The substantial growth in the performance of community value-added services has justified the Company's business decisions, aspects and models, and the economies of scale of this business sector is gradually taking shape.

Value-added services to non-property owners

Value-added services to non-property owners basically cover the entire process of real estate development and construction, mainly including preliminary property management services, pre-delivery services, repair and maintenance services and property transaction assistance services. During the year, revenue from value-added services to non-property owners was approximately RMB2,923.2 million, representing a year-on-year increase of approximately 36.1%, and gross profit margin was approximately 37.1%. The revenue accounted for approximately 27.8% of the total revenue.

From January 2021 onwards, the Group has adjusted the repair and maintenance service model, and directly enters into service agreements with renovation units and undertake post-renovation repair and maintenance services by means of annual contracting during the warranty period. The implementation of the new service model will cater for household needs in a more timely and efficient manner, which is conducive for the Company to further improve per capita efficiency and create greater value.

Smart property construction

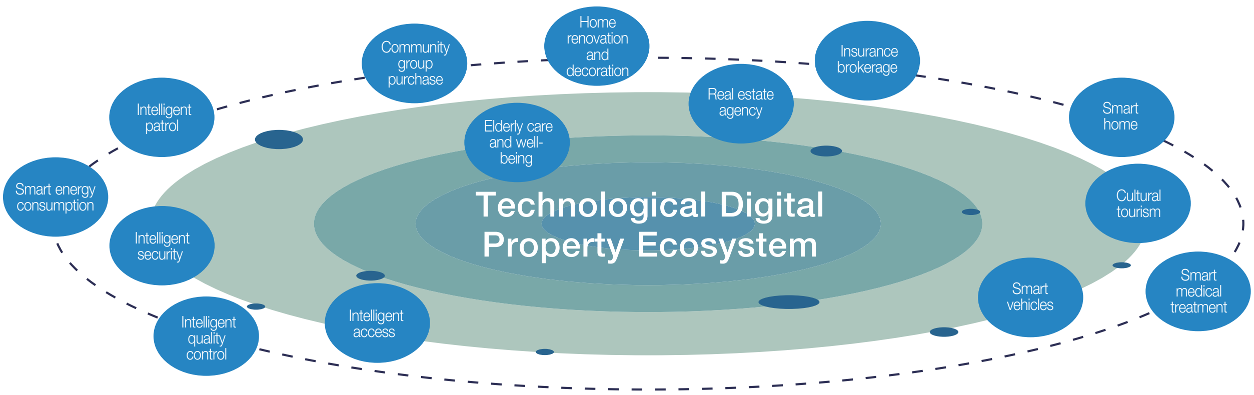
Relying on technologies such as the Internet and the Internet of Things (IoT), the Group has established a smart management system for Evergrande Property, which comprises smart living, smart community and smart management, to provide customers with high-quality and convenient services while greatly improving the Company's per capita efficiency and reducing operating costs.

In respect of smart living, Evergrande's smart community APP has been developed and a huge amount of high-quality living service resources have been integrated and launched nationwide, including resources related to household payments, smart charging, community group purchase, express delivery, freight and transport, housekeeping services etc. Besides, we can meet the various needs for the livelihood of residents through product function upgrade and continuous enrichments of service content.

With regard to smart community, the construction of an IoT system platform comprising functions of access gateway, community monitoring, perimeter warning, information release, intelligent lift control and large screen command and control has been completed, which basically covers all kinds of property service scenarios and forms a comprehensive turnkey solution of smart community.

As regards smart management, the ERP system of Evergrande Property has been completed, which comprises business modules such as fee management, online customer service, work order management, service supervision, equipment maintenance and asset management. The standardized operating system of the Company has been improved through technological means, and work efficiency has been significantly enhanced by means such as mobile office and smart monitoring.

Through the construction of a smart management system, the Group has achieved remarkable results in reducing costs and increasing efficiency. The per capita area under management increased from 3,635 sq.m. in 2018 to 7,464 sq.m. in 2020, representing a three-year compound growth rate of approximately 43.3%; and annual per capita output value increased from RMB111,200 in 2018 to RMB248,800 in 2020, representing a three-year compound growth rate of approximately 49.6%.



Combating the COVID-19 pandemic

Since the outbreak of the COVID-19 pandemic, the community has been on the frontline of prevention and control and has also formed the most effective defensive line for preventing external input and internal spread. The Group actively responded to national precaution requirements and cooperated with government authorities of each level and sub-district departments to implement various prevention and control measures and comprehensively carry out community precaution work. Tens of thousands of workers stayed on the frontline of prevention and control of the pandemic round-the-clock to protect the health and safety of more than 2.2 million households of properties managed by the Group across the country with practical actions, winning high recognition from local governments and property owners.

The Group made every effort to take multiple measures to actively implement various tasks such as the propaganda on community prevention and control, inspection and registration at entrances and exits, body temperature measurement for residents, disinfection in the community and distribution of daily supplies. At the same time, the Group made full use of scientific and technological means to reduce the risk of personnel contact and infection, and build invisible lines of defense, including the configuration of automatic disinfection channels, thermal imaging thermometers and smart mask recycling bins.

During the pandemic, various functions of smart community APP was enabled, including online booking of daily necessities, health pass, daily pandemic report and publicity of policies. Only in March 2020, the APP was used by an aggregate of more than 3 million people, thus ensuring the health and safety of property owners in all aspects.

In the long run, the pandemic not only presents an ordeal but also brings an opportunity for the property industry and the Group, which are mainly reflected in the following:

1. The value of the property industry has been reconsidered and valued again, and outstanding property companies will be more favored by the market;

2. High-quality property services have been recognized by residents, which is conducive to maintaining a high collection rate of property management fees and also creates room for a moderate increase in the fees;

3. The Group's rapid response mechanism has greatly enhanced the cohesiveness of households and contributed to the expansion of value-added business;

4. The acceleration of the promotion and application of technology in the community is conducive to promoting the comprehensive technological transformation of the Group.

The Group will persist on carrying out community precaution measures unremittingly, continue to improve its capabilities to react to risks, and implement various normalized pandemic prevention and control tasks, so as to provide residents with a healthier and safer living environment.

Prospects and future plan

Looking forward to the future, the scale of the property management industry will continue to expand. Under the guidance of national policies and regulations, the property management industry will grow energetically and assume more social responsibilities, and the development of the industry will usher in golden opportunities. To this end, the Group will put equal emphasis on quality and speed, and will strive to achieve leapfrog development of management scale, deeply explore the potential of community value-added services, and continue to improve profitability through horizontal expansion and vertical development of value-added businesses with high net profit margin. Meanwhile, the Group will increase its investment in science and technology and the application of new technologies, realize the automation of routine services, greatly enhance management efficiency, continuously upgrade and improve the smart property management system and service platform, with a view to rapidly transforming the Group into a technology-based service enterprise.

Achieving success by scale development, continuously enriching business models and rapidly expanding management scale through multiple channels

The Group will seize the opportunity of rapid development of the industry, fully mobilize the internal and external resources of the Company, deeply explore the markets in major cities across the country and leverage on the advantages of standardized operations. Building on existing projects under management, the Group will achieve a diversified and rapid expansion of its management business to ensure a smooth high-speed growth.

The Company has established a strong professional investment and expansion team and formulated effective assessment measures to ensure that annual targets of expansion can be achieved. Subsequent to the end of current year and up to 28 February 2021, the Group has signed contracts for external expansion and mergers and acquisitions in respect of properties with an accumulated contracted area of approximately 115 million sq.m. and area under management of 110 million sq.m., and 36 new urban public service projects have been secured, thus further consolidating the advantages of scale, industry position and market competitiveness of the Group. As such, the management capabilities and talent reserves of the Group in the fields of public construction and urban public construction services have been greatly enhanced.

In the future, on the basis of the steady growth of residential management scale and maintaining the existing leading advantages in the industry, the Group will rapidly expand its market share of non-residential businesses. The Group will focus on the areas of office buildings, public construction, industrial parks and urban public services, and use flexible and diverse expansion methods to optimize the structure of diversified business, aiming to achieve an area under management of more than 600 million sq.m. in 2021 and becoming the world's largest integrated urban service provider.

Improving management via technology, perfecting standardized smart property management system and continuously promoting cost reduction and efficiency enhancement

The Group has cooperated with leading companies in the artificial intelligence and security industry such as Sense Time, Dahua, Jieshun, etc., focusing on the full application of machine vision, natural language processing, Internet of Things, AI intelligence, 5G and other technologies in our business sectors such as intelligent customer service, intelligent access, smart transportation, intelligent security, smart building, intelligent quality control and intelligent scheduling, in order to create a safe, convenient and highly-efficient smart community management platform.

Through the utilization of "intelligent equipment + Evergrande Butler APP", the system of the Group will automatically allocate work, quantify job duties and evaluate employee performance, so as to optimize job settings, continuously improve per capita efficiency and further upgrade the ERP management system of Evergrande Property. As a result, the business process and functional modules can be fully covered. Through the use of technology, the Company's standardized operating system will be strengthened, thus further achieving cost reduction and efficiency enhancement.

Leveraging technology to innovate the smart property management system, thus fully implementing technological transformation

Always oriented by customer demand and combined with the construction of various platforms such as the property SaaS management platform, ERP intelligent management platform, data analysis and decision-making platform, large membership platform and marketing intermediary platform, the Group continuously puts efforts in areas such as intelligent customer profile, intelligent service system, intelligent equipment application and intelligent decision-making to upgrade the existing smart community and smart tourism service platforms. At the same time, the Group also builds smart platforms in the fields of smart office building, smart industrial parks and smart household. As such, the Group aims to create a full-ecological, full-intelligent, full-sensing smart operation system, covering all service scenarios such as home life, travelling, living, entertainment, health, consumption, commercial and official business and outbound trip of property owners.

In terms of smart city construction, the Group has accumulated experience in the smart construction and operation of urbanization projects including traffic management, traffic flow monitoring, equipment management and safety management through the construction of the smart Ocean Flower Island covering an area of approximately 8 square kilometres. Leveraging on the advantages of big data, big technology and big ecology, the Group will comprehensively promote the deep integration of smart operation systems and urban services, and build digital infrastructure such as the "city brain", covering transportation, medical, community, commerce, public services and other scenario services, to help improve the comprehensive urban governance capabilities and intelligence level.

Put great efforts into developing value-added business in community, providing full-cycle community livelihood services and continuously improving profitability

Recently, national policies favorable to the industry have been continuously issued, encouraging qualified property service companies to actively explore the "property services + living services" model to meet the diverse and multi-level living requirements of residents.

The Group will put great efforts into tapping the potential of community value-added services. Firstly, the Group will further expand the breadth and depth of the coverage of existing community value-added business, and aggressively develop business with high value such as community group purchase and home renovation and decoration based on the high demand of property owners. Secondly, the Group will collaborate with the diversified business sectors of China Evergrande such as tourism, health, Fangchebao, insurance and automobile sectors, and link up with 8,300 upstream and downstream and strategic cooperative enterprises to fully capitalize on the advantages of massive amount of customers and resources, so as to carry out new business such as real estate agency, insurance brokerage and elderly care and well-being services.

1. The Group will expand the scope of community group purchase business. Our headquarter will take the lead to carefully select products that are in high demand from various regions. The Company will conduct business through both online and offline channels through self-operation and cooperation with merchants. Relying on the "last kilometer" entrance advantage of the community, the Group will replicate the business throughout the surrounding communities by attracting customers through various channels and fully utilizing the resources of tens of millions of households.

2. By integrating the brand resources of home renovation and decoration, the Group will provide value-added services covering full renovation, refreshing of old decoration, partial renovation and smart home. Building on its own projects under management and through cooperation with Fangchebao, the Group will expand its business coverage and integrate the home renovation and decoration business in the new housing and second-hand housing transactions, resulting in a synergic effect in its operations.

3. Capitalizing on the advantages of millions of real estate information and tens of millions of household resources, the Group will cooperate with Evergrande Fangchebao Group to leverage on its online national brokerage platform and its exclusive offline intermediary agencies, and cooperate with professional real estate brokerage companies across the country to take advantage of their sound communication with residents. As such, the Group will provide real estate broker assistance services such as property information integration and recommendation, customer referral and visit tours and real estate custody and maintenance, tapping into the real estate market with a transaction scale worth a hundred billion.

4. The Group will provide the new service of insurance brokerage, and will cooperate with established insurance companies in the industry including Evergrande Insurance, leveraging on their nationwide scale advantage and the resources of 8,300 upstream and downstream strategic cooperative enterprises. Through its progressive expansion model of customer base nationwide, the Group will act as agent for diversified products such as life insurance, property insurance and auto insurance by tapping multitudinous resources of customers.

5. Through the cooperation with nearly 30 Evergrande Elderly Care Valleys and Boao Evergrande International Hospital and leveraging on world-class medical technology, advanced equipment, health care products and abundant medical resources, the Group will provide community elderly care services such as home care, life care, health monitoring and nursing and rehabilitation.

The Group always adheres to the servicing concept of "conscientious services and heartfelt companionship" and is committed to scale development, striving to maintain its leading position in the industry with the most extensive urban coverage and the largest area under management in the world. The Group sticks to the operation model of "technology + standardization", so as to build a standardized management system for all types of business and create a leading full-ecological, full-smart and full-scenario smart operation system. The Group also insists on persistently improving its basic services, innovating value-added services, continuously improving profitability to maintain high-quality growth of the enterprise, with a view to becoming the world's largest property service group with the most extensive business coverage, the most comprehensive business format and the highest efficiency.

Financial Review

Revenue

The revenue of the Group mainly derives from three business segments: (i) property management services; (ii) community value-added services; and (iii) value-added services to non-property owners. For the year ended 31 December 2020, the total revenue of the Group was approximately RMB10,508.9 million, representing a year-on-year increase of approximately 43.3%.

	Revenue in 2020 (RMB' 000)	Percentage of revenue (%)	Revenue in 2019 (RMB' 000)	Percentage of revenue (%)	Growth rate (%)
Property management services	**6,321,505**	**60.2**	4,612,212	62.9	37.1
Community value-added services	**1,264,138**	**12.0**	572,983	7.8	120.6
Value-added services to non-property owners	**2,923,216**	**27.8**	2,147,527	29.3	36.1
Total	**10,508,859**	**100**	7,332,722	100	43.3

1. *Property management services*

During the year, revenue from property management services was approximately RMB6,321.5 million (the revenue from the property management services of projects developed by third party developers was approximately RMB26.5 million), an increase of approximately 37.1% year-on-year and accounting for approximately 60.2% of total revenue. The following table sets forth a breakdown of revenue from property management services of the Group by types of developers:

	As at 31 December 2020				As at 31 December 2019			
	Revenue (RMB'000)	Percentage of total revenue (%)	Area under management ('000 sq.m.)	Percentage of total area under management(%)	Revenue (RMB'000)	Percentage of total revenue (%)	Area under management ('000 sq.m.)	Percentage of total area under management(%)
Properties developed by China Evergrande	**6,294,963**	**99.6**	**290,739**	**96.8**	4,597,585	99.7	237,033	99.7
Properties developed by independent third party developers	**26,542**	**0.4**	**9,701**	**3.2**	14,627	0.3	822	0.3
Total	**6,321,505**	**100**	**300,440**	**100**	4,612,212	100	237,855	100

The increase in revenue from property management services was mainly attributable to the increase in the total area under management to approximately 300 million sq.m. from approximately 238 million sq.m. for the same period in 2019 and the increase of average unit price of property management fees to RMB2.28 per sq.m. from RMB2.18 per sq.m. for the same period in 2019. In addition, revenue from parking space management increased by 127.8% to approximately RMB872.2 million from approximately RMB382.8 million in 2019, as the Group started to charge property management fees for parking spaces of 150 projects.

2. Community value-added services

During the year, revenue from community value-added services was approximately RMB1,264.1 million, an increase of approximately 120.6% year-on-year and accounting for 12.0% of total revenue.

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

Revenue from community operation services was approximately RMB621.5 million, representing an increase of approximately 207.3% year-on-year.

Revenue from community asset management was approximately RMB481.0 million, representing an increase of approximately 58.8% year-on-year.

Revenue from community living services was approximately RMB161.6 million, representing an increase of approximately 138.0% year-on-year.

With the rapid growth of the scale of management and the number of servicing households, the Group has continued to promote the coverage of value-added services horizontally and vertically, and the benefits of economies of scale have become increasingly prominent. Besides, the Group has continued to standardize the model of business development, innovate service content and strengthen operation supervision, so as to vigorously promote rich and convenient value-added services such as community group purchase, community media, parking space leasing and living and household services.

3. Value-added services to non-property owners

During the year, revenue from value-added services to non-property owners was approximately RMB2,923.2 million, an increase of approximately 36.1% year-on-year and accounting for approximately 27.8% of total revenue. The breakdown of the revenue was as follows:

Revenue from preliminary property management services was approximately RMB1,593.0 million, representing a year-on-year decrease of approximately 0.8%.

Revenue from pre-delivery services was approximately RMB839.5 million, representing a year-on-year increase of approximately 81.1%.

Revenue from repair and maintenance services was approximately RMB364.1 million, representing a year-on-year increase of approximately 5,442.2%, attributable to the full-year effect of the trial services launched in 2019.

Revenue from property transaction assistance services was approximately RMB126.6 million, representing a year-on-year increase of approximately 77.1%.

The increase in revenue from value-added services to non-property owners was mainly attributable to the increase in the number of new projects launched and the delivery of a large number of projects, and the steady growth of business such as preliminary introduction services, pre-delivery services and property transaction assistance services.

Cost of sales

The cost of sales of the Group amounted to approximately RMB6,502.7 million, a year-on-year increase of approximately 16.6%.

The increase in cost of sales was mainly due to the increase in greening and cleaning expenses, subcontracting costs of security, maintenance costs and raw material costs driven by the continuous increase in area under management.

Gross profit and gross profit margin

The following table sets forth the breakdown of gross profit and gross profit margin by business segments of the Group for the periods indicated:

	Gross profit in 2020 (RMB' 000)	**Gross profit margin in 2020 (%)**	Gross profit in 2019 (RMB' 000)	Gross profit margin in 2019 (%)
Property management services	**2,120,998**	**33.6**	816,460	17.7
Community value-added services	**801,955**	**63.4**	328,821	57.4
Value-added services to non-property owners	**1,083,202**	**37.1**	609,702	28.4
Total	**4,006,155**	**38.1**	1,754,983	23.9

During the year, the overall gross profit of the Group was approximately RMB4,006.2 million, representing a year-on-year increase of approximately 128.3%.

The gross profit margin of property management services was approximately 33.6%, an increase of 15.9 percentage points from 17.7% in 2019, which was mainly attributable to: (i) the increase of the proportion of newly delivered property management projects with relatively higher property management fees; (ii) its enhanced effort to charge property management fee for parking spaces which were not chargeable in the past; (iii) continuously investing in technology to reduce labor dependence and improve operational efficiency; (iv) continuously carrying out a series of cost control measures; and (v) the decrease in labor costs resulting from the deduction or exemption of social insurance contributions by the local governments due to the impact of the COVID-19 pandemic during the current year.

The gross profit margin of community value-added services was approximately 63.4%, an increase of 6.0 percentage points from 57.4% in 2019, which was mainly attributable to: (i) comprehensively rationalizing community value-added business models to rectify operating loopholes; (ii) expanding the coverage of community value-added services and vigorously developing businesses such as community group purchase and living and household services with high demand; and (iii) strengthening the development of key businesses such as community media and parking space leasing which had relatively higher profit margin, and innovating service content and starting new business such as pre-owned property rental and sales assistance.

The gross profit margin of value-added services to non-property owners was approximately 37.1%, an increase of 8.7 percentage points from 28.4% in 2019, which was mainly attributable to: (i) the benefits of economies of scale brought about by the continuous growth of the Group's business; (ii) the expansion of the scale of repair and maintenance services in the warranty period; and (iii) the growing business of the pre-delivery services and property transaction assistance services with higher gross profit margins.

Administrative expenses

During the year, administrative expenses were approximately RMB629.4 million, representing an increase of approximately 22.2% from approximately RMB515.1 million for the same period in 2019.

The increase in administrative expenses was mainly due to: (i) increase in listing expenses; and (ii) corresponding increase in management costs with the expansion of business scale.

Other income

During the year, other income was approximately RMB149.8 million, an increase of approximately 125.1% from approximately RMB66.6 million for the same period in 2019.

The increase in other income was mainly attributable to: (i) the increase in government grants and subsidies for employment for COVID-19 pandemic in the current year; (ii) the increase of hiring retired soldiers to obtain tax relief and additional input value-added tax deduction for service industry; and (iii) the increase in bank interest income arising from the large amount of funds generated from the substantial growth of the Company's performance and the timely collection from customers.

Other losses

During the year, other losses were approximately RMB46.2 million, an increase of approximately RMB46.0 million from approximately RMB0.2 million for the same period in 2019.

The increase in other losses was mainly attributable to the net foreign exchange loss arising from the conversion of the proceeds from the Listing from HK$ into RMB.

Income tax expenses

During the year, income tax expenses were approximately RMB851.4 million, an increase of approximately 185.1% from approximately RMB298.7 million for the same period in 2019.

The increase in income tax expenses was generally in line with the increase in profit before tax for the year.

Profit for the year

During the year, profit for the year of the Group was approximately RMB2,647.4 million, an increase of approximately 184.5% from approximately RMB930.5 million for the same period in 2019.

During the year, profit for the year attributable to owners of the Group was approximately RMB2,648.0 million, an increase of approximately 184.7% from approximately RMB930.2 million for the same period in 2019.

Property and equipment

The property and equipment of the Group mainly consists of furniture, fitting and equipment, machinery and vehicles.

As at 31 December 2020, the net value of the property and equipment of the Group was approximately RMB53.9 million, a decrease of approximately 5.8% from approximately RMB57.2 million as at 31 December 2019, mainly due to the depreciation during the year.

Intangible assets

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

As at 31 December 2020, intangible assets of the Group amounted to approximately RMB127.7 million, an increase of approximately RMB127.3 million from approximately RMB0.4 million as at 31 December 2019, mainly due to: (i) approximately RMB61.8 million of customer relationship and property management contracts was recognized from acquisition of companies; (ii) goodwill amounted to approximately RMB56.6 million was recognized from acquisition of companies; and (iii) purchasing of software.

Trade and other receivables

As at 31 December 2020, trade and other receivables of the Group amounted to approximately RMB4,186.3 million, a decrease of approximately RMB1,070.5 million from approximately RMB5,256.8 million as at 31 December 2019, mainly due to: (i) the decrease in trade receivables resulted from the settlement from major customers, including China Evergrande, and the improvement of collection rate after the increasing efforts to collect property management fees from property owners, and (ii) the decrease in other receivables mainly attributable to the decrease in payments on behalf of property owners, resulting from delivering the water and electricity meters to the municipal department and promoting the transformation of prepaid card plug-in water and electricity meters.

Trade and other payables

As at 31 December 2020, trade and other payables amounted to approximately RMB4,126.4 million, an increase of approximately RMB1,157.3 million from approximately RMB2,969.1 million as at 31 December 2019, which was mainly due to the increase in the costs of the Group's material procurement, labor outsourcing, cleaning service and energy consumption expenses as a result of its business expansion.

Contract liabilities

Contract liabilities mainly arise from advance payments made by customers for related services such as property management services and community value-added services that have not yet been provided.

Contract liabilities increased from approximately RMB2,285.3 million as at 31 December 2019 to approximately RMB2,725.8 million as at 31 December 2020, an increase of approximately RMB440.5 million. The increase was mainly due to the increase in the chargeable area under management and the increase in prepayment of property service fees.

Liquidity and financial resources

As at 31 December 2020, the total bank deposits and cash of the Group, comprising the Group's cash and cash equivalents and restricted cash, amounted to approximately RMB12,604.1 million, an increase of approximately RMB11,919.6 million from approximately RMB684.5 million as at 31 December 2019. The increase in bank deposits and cash was primarily due to the funds raised by the Group from the Listing and large amount of funds generated from substantial growth of the Group's performance, as well as the timely collection from customers.

As at 31 December 2020, the net current assets of the Group were approximately RMB9,698.1 million (31 December 2019: approximately RMB1,637.5 million). The Group's current ratio (current assets/ current liabilities) was approximately 2.37 times (31 December 2019: approximately 1.29 times).

As at 31 December 2020, the Group did not have any borrowings. Accordingly, the gearing ratio (as calculated by dividing total borrowings less lease liabilities by total equity as at the date indicated and multiplied by 100%) as at 31 December 2020 was nil.

Major Risks and Uncertainties

The main risks and uncertainties faced by the Group are set forth below. Such factors are not exhaustive and therefore other risks and uncertainties may also exist.

Industry risks

The operation of the Group may be affected by the regulatory landscape of the industry and related measures. The main reason is that the fees charged by property companies for management services are strictly monitored and supervised by relevant regulatory authorities. The business performance of the Group depends on contract area, chargeable area under management and the number of projects under management. The business growth are affected and will likely continue to be affected by the PRC government's regulations on the industry where the Group belongs.

Business risks

Whether the Group can maintain or improve its current profitability depends on whether it can effectively control operating costs. The Group's profit margin and operating results may be significantly and adversely affected by the increase in labor costs or other operating costs. The Group cannot guarantee that it will be able to secure new property service contracts according to its plan or pursuant to appropriate schedule and price. The Group may not be able to recover related income including property management fees from customers, resulting in possible impairment losses in receivables. In the event of termination of or failure to renew a substantial number of property service contracts, the business, financial conditions and operating results of the Group will be significantly and adversely affected.

Foreign exchange risks

The business of the Group is mainly concentrated in China. Save for bank deposits denominated in foreign currencies, there is no major direct exchange rate fluctuation risk faced by the Group. During the year, the Directors expected that the RMB exchange rate would not have a material adverse effect on the operations of the Group. The management will continue to monitor foreign exchange risks and adopt prudent measures to reduce potential exchange risks.

Employees and Remuneration Policies

As at 31 December 2020, the Group had approximately 42,244 employees. During the year, the total staff cost was approximately RMB3,861.9 million.

Employees' remuneration package includes salary, performance bonus and other cash subsidies. The remuneration of employees is determined in accordance with the Group's remuneration and welfare policies with reference to the positions of employees, performance, profitability of the Company, industry level and market environment.

The Group has to participate in social insurance contribution plans or other retirement plans organized by local governments, and make contributions to social insurance funds monthly on behalf of employees for the payment of pension funds, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident funds, or make contributions to mandatory provident fund for employees regularly.

Staff Training and Development

Based on the three-level training mechanism of “headquarters-region-project”, the Group is committed to implement a 3-year campus recruitment programme for management trainees, trainings for new employees and key talent trainings. The Group organizes and conducts trainings on various professional skills, general aptitude, management ability and corporate culture in accordance with our business development needs and employee career planning, in order to improve the comprehensive quality and work capabilities of employees.

Under the influence of the pandemic, the Group’s various trainings were mainly conducted online in the year of 2020. During the year, more than 72,000 training sessions were carried out, with a total of 102,000 class hours and 700,000 attendances.

Pledge of Assets

As at 31 December 2020, the Group had no assets pledged.

Contingent Liabilities

As at 31 December 2020, the Group had no material contingent liabilities.

Significant Investment, Material Acquisitions and Disposal of Subsidiaries and Associated Companies

Acquisition of shares in Nanchang Xinya Property

On 4 September 2020, the Group signed an equity transfer agreement for the acquisition of 100% shares in Nanchang Xinya Property at a consideration of RMB30.7 million which was determined after arm’s length negotiation, and the change of equity ownership and business registration for 51% equity interests was completed on 25 September 2020.

Acquisition of shares in Chengdu Wellspo Property

On 5 September 2020, the Group signed an equity transfer agreement for the acquisition of 100% shares in Chengdu Wellspo Property at a consideration of RMB39 million which was determined after arm’s length negotiation, and the change of equity ownership and business registration for the 100% equity interests was completed on 2 November 2020.

Acquisition of shares in Zunyi Zhongxin Property

On 8 September 2020, the Group signed an equity transfer agreement for the acquisition of 100% shares in Zunyi Zhongxin Property at a consideration of approximately RMB19.1 million which was determined after arm's length negotiation, and the change of equity ownership and business registration for the 100% equity interests was completed on 19 October 2020.

Acquisition of shares in Hubei Guanbo Property

On 10 September 2020, the Group signed an equity transfer agreement for the acquisition of 51% shares in Hubei Guanbo Property at a consideration of approximately RMB12.2 million which was determined after arm's length negotiation, and the change of equity ownership and business registration for the 51% equity interests was completed on 12 October 2020.

Acquisition of shares in Yongkang Jiahua Property

On 10 September 2020, the Group signed an equity transfer agreement for the acquisition of 100% shares in Yongkang Jiahua Property at a consideration of RMB20 million which was determined after arm's length negotiation, and the change of equity ownership and business registration for the 100% equity interests was completed on 14 October 2020.

Save for the information disclosed above, the Group had no significant investment and disposal of subsidiaries and associated companies during the current year.

Events After the Reporting Period

As at 28 February 2021, the Group's business covered 310 cities across the country and the Group has entered into contracts and provided services to 2,792 projects, servicing 3.01 million property owners. Specifically, subsequent to the end of the current year and up to 28 February 2021, the Group has signed contracts for external expansion and mergers and acquisitions in respect of properties with an accumulated contracted area of approximately 115 million sq.m. and area under management of approximately 110 million sq.m., and 36 new urban public service projects have been secured.

On 29 January 2021, the Group entered into an agreement to acquire the 100% equity interests in Ningbo Yatai Hotel Property Services Co., Ltd. and its subsidiaries (collectively, "**Ningbo Yatai Group**") at cash consideration of RMB1,500 million.

Upon the completion of the aforesaid acquisition, Ningbo Yatai Group will become a subsidiary of the Group.

Directors and Senior Management

Executive Directors

Mr. Zhao Changlong (趙長龍), aged 56, was appointed as our executive Director and chairman of our Board on September 23, 2020. He is primarily responsible for the overall management and strategic planning of the Group. Mr. Zhao joined the Group in August 2007 and has been serving as the chairman of the board of the Group since July 2020, where he is responsible for its overall management.

Mr. Zhao has over 21 years of experience in the property development and property management industries. Mr. Zhao joined the Evergrande Group in September 2003 and has served in various positions in subsidiaries of the Evergrande Group. From September 2003 to February 2005, Mr. Zhao served as the general manager of Maoming Evergrande Steel Group Co., Ltd. (茂名恒大鋼鐵集團有限公司), a metal materials manufacturer, where he was primarily responsible for its overall operations. From February 2005 to August 2007, Mr. Zhao successively served as a vice president, an assistant to the president and the general manager of the development center of Evergrande Real Estate, where he was primarily responsible for its development management. From August 2007 to July 2020, Mr. Zhao served various positions in district companies including the chairman of the board and the general manager of Evergrande Real Estate Group (Xi'an) Co., Ltd (恒大地產集團西安有限公司), the chairman of the board of Evergrande Real Estate Group (Jiangxi) Co., Ltd (恒大地產集團江西有限公司) and the chairman of the board of Evergrande Real Estate Group (Shanxi) Co., Ltd (恒大地產集團山西有限公司), where he was primarily responsible for the operations and management of district companies including their property management business. Mr. Zhao has also been serving as a director of Evergrande Real Estate since November 2017.

Prior to joining the Evergrande Group, from March 1998 to July 2003, Mr. Zhao served as an assistant president and later as an assistant to the president and the general manager of the development center of Guangzhou Evergrande Industrial Group Co., Ltd. (廣州恒大實業集團有限公司), a property developer, where he was primarily responsible for its development management.

Mr. Zhao graduated from the Shenyang Metallurgical Machinery School (沈陽冶金機械專科學校) with a diploma in metallurgy and heat treatment in the PRC in July 1986. Mr. Zhao graduated from the Zhengzhou University of Technology (鄭州工業大學) with a major in industrial engineering in the PRC in December 1997.

Mr. Hu Liang (胡亮), aged 33, was appointed as our executive Director on September 23, 2020. Mr. Hu joined the Group in July 2008 and has been serving as the general manager of the Group since March 2020. He is primarily responsible for the formulation of group policies and daily business operation of the Group. He currently holds directorships in a number of subsidiaries of the Group.

Mr. Hu has over 13 years of experience in the property management industry. Mr. Hu joined the Evergrande Group in July 2008 and has served in various positions in subsidiaries of the Evergrande Group. From July 2008 to November 2009, Mr. Hu served as a quality management staff of Evergrande Real Estate, where he was primarily responsible for its quality management work. From November 2009 to November 2010, Mr. Hu served as a project deputy general manager of the Guangzhou branch of Jinbi Property, where he was primarily responsible for property management services for such project. From November 2010 to March 2014, Mr. Hu served as an assistant to the general manager of the Nanning branch of Jinbi Property and as a deputy general manager of Qinzhou Evergrande Lvzhou Customer Services Center (欽州恒大綠洲客服中心), where he was primarily responsible for the quality management of its operations as well as the management of the customer services center. From March 2014 to April 2015, Mr. Hu served as an assistant to the general manager of Evergrande Real Estate Group (Nanning) Co., Ltd. (恒大地產集團南寧有限公司), where he was primarily responsible for the management of its property management services. From April 2015 to July 2015, Mr. Hu served as the chairman of the board of the Shijiazhuang branch of Jinbi Property, where he was responsible for its overall management. From July 2015 to December 2016, Mr. Hu served as a deputy general manager of Evergrande Real Estate Group (Beijing) Co., Ltd. (恒大地產集團北京有限公司), where he was primarily responsible for the management of its property management services. From January 2017 to July 2017, Mr. Hu served as the general manager of property operational management center of Evergrande Group Co., Ltd. (恒大集團有限公司), where he was primarily responsible for the management of its property management services. From July 2017 to March 2020, Mr. Hu successively served as an executive deputy general manager of the property management center and the general manager of the property management center of Evergrande Real Estate, where he was primarily responsible for the management of its property management services.

Mr. Hu obtained a bachelor's degree in sociology from the Northwest A&F University (西北農林科技大學) in the PRC in July 2008. Mr. Hu is currently an honorary vice president of China Property Management Association (中國物業管理協會) and a vice president of Guangdong Property Management Association (廣東省物業管理協會).

Mr. Wang Zhen (王震), aged 36, was appointed as our executive Director on September 23, 2020. Mr. Wang joined the Group in January 2015 and has been serving as the deputy general manager of the Group since March 2020. He is primarily responsible for business operation planning, human resources, administrative management and bidding and procurement of the Group.

Mr. Wang has over 13 years of experience in human resources and administrative management. Mr. Wang joined the Evergrande Group in July 2008 and has served in various positions in subsidiaries of the Evergrande Group. From July 2008 to January 2015, Mr. Wang successively served as a personnel management staff, a deputy manager of the administration and personnel department, a manager of the administration and personnel department and a deputy general manager of Evergrande Yuanlin Group Co., Ltd. (恒大園林集團有限公司) ("**Evergrande Yuanlin**"), a company principally engaged in the provision of landscape engineering and design services, and was primarily responsible for its human resources, administrative management, legal and internal control management. From January 2015 to July 2017, Mr. Wang successively served as an assistant to the general manager and a deputy general manager of the property management center of Evergrande Real Estate, where he was primarily responsible for its human resources, administrative management and training management. Mr. Wang served as a deputy general manager of the Beijing branch of Evergrande Real Estate and chairman of the board of the Beijing branch of Jinbi Property in July 2017, and was responsible for the management of the property management services. From July 2017 to March 2020, Mr. Wang served as an executive deputy general manager of the property management center of Evergrande Real Estate, where he was primarily responsible for human resources, administrative management and training management.

Mr. Wang obtained a bachelor's degree in English from Tianjin University of Commerce (天津商業大學) in the PRC in June 2008 and a master's degree in project management from Wuhan University of Science and Technology (武漢科技大學) in the PRC in June 2017.

Ms. An Lihong (安麗紅), aged 50, was appointed as our executive Director on September 23, 2020. Ms. An joined the Group in April 2015 and has been serving as a deputy general manager of the Group since March 2020. She is primarily responsible for finance and costs management of the Group.

Ms. An has over 28 years of experience in accounting and financial management. Ms. An joined the Evergrande Group in August 2003. From August 2003 to December 2006, Ms. An served as an accountant at Evergrande Real Estate, where she was responsible for its revenue and cost management. From December 2006 to February 2009, Ms. An served as a deputy financial manager of Guangzhou Yuexiu Residential Construction Engineering Co., Ltd. (廣州市越秀住宅建築工程有限公司), a company principally engaged in real estate related business, where she was primarily responsible for its financial management. From February 2009 to January 2020, Ms. An served various positions in the finance center of the Evergrande Real Estate, including a deputy manager of the finance department two, a manager of the finance department two, a manager of the finance department one, a deputy general manager and a district financial manager of the finance center. From January 2020 to March 2020, Ms. An served as a deputy general manager of the property management center of Evergrande Real Estate, where she was primarily responsible for the financial management.

Prior to joining the Evergrande Group, from July 1993 to March 2001, Ms. An served as an accountant at Harbin Zhengda Construction Enterprise Group Co., Ltd. (哈爾濱正大建築企業集團有限公司), a company principally engaged in real estate and construction related business, where she was responsible for its financial accounting. From March 2001 to August 2003, Ms. An served as a director of the accounting and finance department of Xinheng Group Co., Ltd. (信恒集團有限公司), a company principally engaged in real estate and construction related business, where she was primarily responsible for its financial accounting management.

Ms. An obtained a bachelor's degree in accounting from Northeast Agricultural University (東北農業大學) in the PRC in July 2004. Ms. An was admitted as a certified public accountant granted by the Harbin Finance Bureau (哈爾濱市財政局) in April 1998 and an intermediate accountant by the MOF in May 2000.

Independent non-executive Directors

Mr. Chan Chun Hung, Vincent (陳鎮洪), aged 57, was appointed as our independent non-executive Director on November 13, 2020. Mr. Chan is responsible for providing independent advice on the operations and management of our Board.

Mr. Chan has over 26 years of experience in private equity management. Mr. Chan was the senior manager of HSBC Private Equity Management Limited, a company principally engaged in investment management, from October 1991 to October 1994, the director of Suez Asia Holdings (Hong Kong) Limited, a company principally engaged in investment management, from February 1997 to November 2000, the managing director and corporate director of JAFCO Investment (Asia Pacific) Ltd., a company principally engaged in private equity investment, from November 2000 to November 2007, and the chief executive officer of Spring Capital Asia, Limited, a company principally engaged in private equity investment, from October 2007 to December 2015. Mr. Chan has been the senior managing director of Samena Capital Hong Kong Limited, a company principally engaged in private equity investment, since January 2016. He has been an independent non-executive director of CN Logistics International Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2130) since September 2020 and a non-executive director of Memories Group Limited, a company listed on the Catalist board of the Singapore Stock Exchange since February 2019.

Mr. Chan was a member of the Public Shareholders Group of the SFC from July 2005 to March 2011 and a member of the Main Board and GEM Listing Committee of the Stock Exchange from May 2007 to May 2012. Mr. Chan is currently the president and executive director of the Hong Kong Venture Capital and Private Equity Association. Mr. Chan is currently a committee member of the 15th election of the Chinese People's Political Consultative Conference in Chengdu (中國人民政治協商會議成都市委員會). Mr. Chan has been a member of the Main Board and GEM Listing Review Committees of the Stock Exchange since July 2020.

Mr. Chan obtained a bachelor's degree in arts from The University of Hong Kong in November 1986 and a master's degree in business administration from The Victoria University of Manchester in the United Kingdom in July 1988. He was admitted as a chartered financial analyst of The Institute of Chartered Financial Analysts in September 1993.

Mr. Victor Huang (黃偉德), aged 49, was appointed as our independent non-executive Director on November 13, 2020. Mr. Huang is responsible for providing independent advice on the operations and management of our Board.

Mr. Huang has over 28 years of experience in finance, accounting and transaction services. He joined PricewaterhouseCoopers in Hong Kong in January 1993 and became its partner in July 2005 and served this role up to June 2014. From July 2014 to August 2017, he served as a partner at KPMG in Hong Kong. Mr. Huang has served as an independent non-executive director of LBX Pharmacy Chain Co., Ltd. (老百姓大藥房連鎖股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603883), since February 2018. He has been an independent non-executive director of Qingdao Haier Biomedical Co., Ltd. (青島海爾生物醫療股份有限公司), a company listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange (stock code: 688139), since August 2018. He has been an independent non-executive director of Manpowergroup Greater China Limited (萬寶盛華大中華有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 2180), since March 2019. He has been an independent non-executive director of Scholar Education Group (思考樂教育集團), a company listed on the Main Board of the Stock Exchange (stock code: 1769), since June 2019. He has been an independent non-executive director of Topsports International Holdings Limited (滔搏國際控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 6110), since September 2019. He has been an independent non-executive director of Cosco Shipping Energy Transportation Co., Ltd. (中遠海運能源運輸股份有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1138), and an independent non-executive Director of New Times Energy Corporation Limited (新時代能源有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 166) since June 2020. Mr. Huang was an independent non-executive director of two companies listed on the main board of the Stock Exchange, namely Trinity Limited (利邦控股有限公司)(stock code: 891) from December 2018 to December 2020, and China Bright Culture Group (煜盛文化集團) (stock code: 1859) from February 2020 to November 2020, respectively.

Mr. Huang obtained a bachelor's degree of arts in economics and business from University of California, Los Angeles in the United States in September 1992. He was admitted as an associate of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) in June 1996. He was also certified as a qualified independent director of the Shanghai Stock Exchange in June 2018.

Mr. Guo Zhaohui (郭朝暉), aged 42, was appointed as our independent non-executive Director on November 13, 2020. Mr. Guo is responsible for providing independent advice on the operations and management of our Board.

Since October 2004, Mr. Guo has been working at Wuhan University of Science and Technology (武漢科技大學), where he successively served various positions including a tutor, lecturer, associate professor and master instructor, primarily responsible for human resources management related teaching and research work. Mr. Guo has been serving as an independent director at Calxon Group Holdings Co., Ltd. (嘉凱城集團股份有限公司), a company principally engaged in the property and cinema business whose shares are listed on the Shenzhen Stock Exchange (stock code: 000918) and a subsidiary of China Evergrande Group, since October 2019.

Mr. Guo obtained a bachelor's degree in human resources management from Wuhan University of Science and Technology (武漢科技大學) in the PRC in June 2001 and a master's degree in administrative management from Zhongnan University of Economics and Law (中南財經政法大學) in the PRC in June 2004. Mr. Guo received the Associate Professor (Economics and Management) Professional Technical Qualification Certificate (副教授(經濟及管理)專業技術資格證書) issued by Hubei Title Reform Work Leading Group Office (湖北省職稱改革工作領導小組辦公室) in June 2011 and the Qualification Certificate of Independent Director of Listed Company (上市公司獨立董事資格證書) issued by the Shenzhen Stock Exchange in December 2019.

Senior Management

Mr. Fang Shun (方舜), aged 33, joined the Group in November 2015 and has been serving as a deputy general manager of the Group since March 2020. He is primarily responsible for community value-added business and comprehensive supervison and management.

Mr. Fang joined the Evergrande Group in July 2011. From July 2011 to June 2013, Mr. Fang served as the procurement chief of Guangzhou Evergrande Material and Equipment Co., Ltd. (廣州恒大材料設備有限公司), a materials and equipment supplier, where he was primarily responsible for the procurement and delivery. From July 2013 to November 2015, Mr. Fang worked at Evergrande Yuanlin with his last position as a quality supervision manager of its planning and supervision center, where he was primarily responsible for its business supervision and plan management. From November 2015 to March 2020, Mr. Fang served various positions at Evergrande Real Estate, with his last position as a deputy general manager of the property management center, where he was primarily responsible for its procurement, community value-added services and comprehensive business supervision.

Mr. Fang obtained a bachelor's degree in polymer materials and engineering from Sun Yat-sen University (中山大學) in the PRC in June 2011.

Mr. Chen Xiang (陳相), aged 35, joined the Group in August 2012 and has been serving as a deputy general manager of the Group in March 2020. He is primarily responsible for investment and external business development.

Mr. Chen joined the Evergrande Group in August 2012. From August 2012 to October 2015, Mr. Chen first served as a deputy general manager and project general manager of the Wuhan branch of Jinbi Property, and later served as its deputy general manager where he was primarily responsible for management of property management projects and quality management of its operations. From October 2015 to February 2016, Mr. Chen served as an assistant to the general manager of the property management center of Evergrande Real Estate, where he was primarily responsible for its property business supervision and planning management. From February 2016 to August 2016, Mr. Chen served as a deputy general manager of Evergrande Real Estate Guangdong Real Estate Development Co., Ltd. (恒大地產集團廣東房地產開發有限公司) ("**Evergrande Guangdong Real Estate**"), where he was primarily responsible for its property management business. From August 2016 to July 2017 Mr. Chen worked at Evergrande Real Estate, with his last position as an assistant to the general manager of its property management center, where he was primarily responsible for the quality management of property management services. From July 2017 to March 2020, Mr. Chen served as a deputy general manager of the Evergrande Real Estate Chongqing Co., Ltd. (恒大地產集團重慶有限公司) and the chairman of Jinbi Property Chongqing Branch, where he was responsible for its property management business.

Prior to joining the Evergrande Group, from April 2007 to August 2012, Mr. Chen worked at Wuhan Vanke Property Services Co., Ltd. (武漢市萬科物業服務有限公司), a property developer and a subsidiary of China Vanke Co., Ltd. (萬科企業股份有限公司) whose shares are listed on the Shenzhen Stock Exchange (stock code: 000002) and the Stock Exchange (stock code: 2202), with his last position as a department manager.

Mr. Chen graduated from the Military Economy School of the People's Liberation Army (中國人民解放軍軍事經濟學院) with a diploma in logistics management in the PRC in June 2005 and a bachelor's degree in computer sciences and technology from the Artillery School of the People's Liberation Army (中國人民解放軍炮兵學院) in the PRC in June 2007 through online learning.

Mr. Han Chao (韓超), aged 32, joined the Group in January 2015 and has been serving as a deputy general manager of the Group since March 2020. He is primarily responsible for quality management of property services, brand promotion and informatization construction business.

Mr. Han joined the Evergrande Group in July 2011. From July 2011 to July 2013, Mr. Han served as an inspector of the supervision center of Evergrande Real Estate, where he was primarily responsible for its internal discipline supervision. From July 2013 to January 2015, Mr. Han successively served as a deputy manager of the procurement department and a deputy manager of the engineering service center of Evergrande Yuanlin, where he was primarily responsible for its procurement and engineering management. From January 2015 to May 2015, Mr. Han served as an assistant to the project general manager of the Guangzhou branch of Jinbi Property, where he was primarily responsible for the management of its property management projects. From May 2015 to November 2015, Mr. Han successively served as an assistant to the manager of the planning and supervision center and a staff of the property management center of Evergrande Real Estate, where he was primarily responsible for assisting in the supervision and procurement management. From November 2015 to May 2016, Mr. Han served as a quality management staff of the Changsha branch of Jinbi Property, where he was primarily responsible for assisting in improving the quality of property management services. From May 2016 to March 2017, Mr. Han worked at the property management center of Evergrande Real Estate, where he was primarily responsible for assisting in improving the quality of property management services. From March 2017 to May 2018, Mr. Han served as an assistant to the project general manager of the Guangzhou branch of Jinbi Property, where he was primarily responsible for property management of such project. From May 2018 to March 2020, Mr. Han successively served as a deputy director of the quality management department of the property management center and an assistant to the general manager of the property management center of Evergrande Real Estate, where he was primarily responsible for the quality management of property management services. From March 2020 to March 2021, Mr. Han served as a general manager of the Group, mainly responsible for the quality management of property management services.

Mr. Han obtained a bachelor's degree in museology from Fudan University (復旦大學) in the PRC in July 2011.

Company Secretary

Mr. Fong Kar Chun, Jimmy (方家俊), aged 45, was appointed as our company secretary on September 23, 2020 and is responsible for company secretarial matters of the Group.

Mr. Fong has extensive experience in mergers, acquisitions and capital markets. Mr. Fong worked at DLA Piper, an international law firm in Hong Kong, from September 1999 to September 2001, and Sidley Austin, a global law firm in Hong Kong, from September 2001 to July 2006. From July 2006 to March 2009, Mr. Fong served as a director in the investment banking division of Royal Bank of Scotland (previously known as ABN AMRO Bank N.V.) where he was primarily responsible for mergers and acquisitions and equity capital market fund raising. He has joined China Evergrande Group since June 2009 and is now serving as the company secretary and vice president. He has also served as the company secretary of Evergrande Auto since March 2015 and the company secretary of HengTen Networks since October 2015.

Mr. Fong obtained his bachelor's degree in laws and a postgraduate certificate in laws from The University of Hong Kong in December 1997 and September 1998, respectively. He also obtained his master's degree in banking and finance laws from the London School of Economics and Political Science, University of London in November 2000. Mr. Fong was admitted as a solicitor in Hong Kong in December 2001.

Corporate Governance Report

The Company recognises the value and importance of achieving high corporate governance standards consistently to the enhancement on corporate performance and accountability. The Board is committed to abide by the principles of good corporate governance to meet legal and commercial standards and requirements, focusing on areas such as internal control, risk management, fair disclosure and accountability to the Shareholders.

The Directors are of the view that the Company has been conducting its business according to the principles of the Corporate Governance Code ("**Corporate Governance Code**") set out in Appendix 14, and has complied with all the code provisions of the Corporate Governance Code from the date of Listing on 2 December 2020 (the "**Listing Date**") to 31 December 2020.

For the year ended 31 December 2020, the Board has reviewed the effectiveness of the risk management and internal control systems of the Company and considers them effective and adequate.

Board of Directors

Composition of the Board

During the year ended 31 December 2020 and up to the date of this annual report, the Board comprises the following members:

Executive Directors

Mr. Zhao Changlong *(Chairman)*
Mr. Hu Liang *(General Manager)*
Mr. Wang Zhen
Ms. An Lihong

Independent non-executive Directors

Mr. Chan Chun Hung, Vincent
Mr. Victor Huang
Mr. Guo Zhaohui

Biographical details of the current members of the Board are set out on page 34 to 40 of this annual report. Save for being members of the Board, there is no relationship (including financial, business, family or other material relationship) between members of the Board.

From the Listing Date to 31 December 2020, the Board has at all times met the requirements of Rules 3.10 and 3.10A of the Listing Rules relating to the appointment of (i) at least three independent non-executive Directors, (ii) independent non-executive directors representing one-third of the Board, and (iii) at least one independent non-executive Director possesses appropriate professional qualifications, or accounting or related financial management expertise.

Each of the executive Directors has entered into a service contract with the Company for a period of three years which may be terminated by not less than three months' notice in writing served by either party on the other. Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years which may be terminated by not less than three months' notice in writing served by either party on the other. The appointments are subject to the provisions of retirement by rotation of Directors under the articles of association of the Company (the "**Articles**"). In accordance with the Articles, at every annual general meeting of the Company ("**AGM**"), one-third of the Directors for the time being or, if their number is not three or 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 least once every three years.

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 Board was satisfied with the independence of the independent non-executive Directors.

Roles and Duties

The Board is in charge of formulating strategic business development, reviewing and monitoring the business performance of the Group, approving major funds allocation and investment proposals as well as preparing and approving the financial statements of the Group. The Board also gives clear instructions on the authority delegated to the management in relation to the administration and management of the Group.

Chairman and Chief Executive Offer

Under code provision A.2.1 of the Corporate Governance Code, the roles of the chairman and chief executive officer of a listed company should be separated and should not be performed by the same individual. The Company has distinguished the roles of chairman and chief executive officer in accordance with code provision A.1.2 of the Corporate Governance Code. Mr. Zhao Changlong is the chairman of the Board, primarily responsible for providing guidance and formulation of business strategies for the overall development of the Group, whereas Mr. Hu Liang is the general manager of the Company, primarily responsible for the daily operations, formulation of the overall strategy, business planning and operational decisions of the Group.

The Board is responsible for the internal control of the Group and for reviewing its effectiveness. The Company has procedures in place for safeguarding assets against unauthorised use or disposition, the maintenance of proper accounting records for the provision of reliable financial information for internal use or publications and the compliance with applicable laws and regulations. For the year ended 31 December 2020, the Directors reviewed the overall effectiveness of the internal control and risk management systems of the Group. An internal audit department has been established to perform regular financial and operational reviews and conduct audit and risk management assessment on the Company and its subsidiaries. The work carried out by the internal audit department will ensure the internal controls and risk management systems are in place and function properly as planned.

The external auditors will report to the Company on the weakness in the Group's internal control and accounting procedures which have come to their attention during the course of their audit work.

The Board is responsible for performing the following corporate governance duties: (a) to formulate and review the Company's policies and practices on corporate governance and make recommendations to the Board; (b) to review and monitor the training and continuous professional development of Directors and senior management; (c) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements; (d) to formulate, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and (e) to review the Company's compliance with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules and disclosures in the Corporate Governance Report in the annual report of the Company.

The Board may delegate the corporate governance duties to a committee of the Board. The Board meets regularly to discuss and formulate the overall strategy as well as the operation and financial performance of the Group. Directors may participate in the meetings either in person, by proxy, or by means of electronic communications.

Four Board meetings were convened by the Company during the year ended 31 December 2020. At least 14 days' notice before the date of the meeting is given for a regular Board meeting to allow all Directors to make arrangements to attend. For all other Board meetings, reasonable notices were also given.

The attendance of individual Directors at the Board meetings and general meetings held during the year ended 31 December 2020 is set out below:

	Number of meetings attended/ Number of meetings held	
Director	General Meeting	Board Meeting
Mr. Zhao Changlong	0/0	4/4
Mr. Hu Liang	0/0	4/4
Mr. Wang Zhen	0/0	3/4
Ms. An Lihong	0/0	3/4
Mr. Chan Chun Hung, Vincent	0/0	1/4
Mr. Victor Huang	0/0	1/4
Mr. Guo Zhaohui	0/0	1/4

Committees of the Board

The Company has set up the audit committee, remuneration committee and nomination committee in respect of the Board.

Directors' Training

During the year under review, all of the Directors of the Company have attended continuous professional development training sessions in compliance with Code Provision A.6.5 of the Corporate Governance Code.

The company secretary of the Company has also complied with the 15 hours training requirements under Rule 3.29 of the Listing Rules.

Risk Management and Internal Control

Duties of the Board and the Management

The Board is responsible for the risk management and internal control system and has the responsibility to review the effectiveness of the system. The Board is responsible for assessing and determining the nature and extent of the risks that the Group is willing to take in achieving strategic objectives, and monitoring the establishment and maintenance by the management of appropriate and effective risk management and internal control systems. The management is responsible for designing and maintaining an effective risk management and internal control system as well as providing confirmations to the Board on the effectiveness of the system.

Sound risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance that there will be no material misstatements or losses.

Risk Management

During the year, the Group established the risk management system structure at the group level to guide the risk assessment activities and ongoing risk monitoring activities for various departments by way of the following:

✓ **Established a risk management organizational structure** – An organizational structure with the audit committee of the Group as the decision-maker and the Chairman, general managers in charge of each center and management personnel at all levels as the implementation unit, has been established to divide risk management responsibilities and set out clear responsibilities for risk management and the risk information reporting route.

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

Roles	Primary Duties
Board (Decision-maker)	▪ Assess and determine the nature of the risk and the degree of acceptance to ensure the achievement of strategic objectives ▪ Ensure the establishment and maintenance of an effective risk management and internal control system ▪ Supervise management for the design, implementation and monitoring of the risk management and internal control system
Audit committee (Decision-maker)	▪ Review the structure and responsibilities of risk management and continuously monitor its effectiveness, review the basic risk management system ▪ Supervise the management for the design, implementation and monitoring of the risk management and internal control system ▪ Monitor significant control failures or weaknesses that have been identified during the period, and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Company's financial performance or condition
Senior management of the Group (Leadership)	▪ Responsible for the development of risk management system, regularly review the Company's risk management policies and system ▪ Design, implement and supervise the risk management work of the Group, report on risk management to the audit committee on a regular basis, and report and disclose significant risk information to the audit committee ▪ Provide the audit committee with the confirmation of the effectiveness of the risk management system
Management at the headquarters of the Group and management of functional departments in regional offices (Implementer)	▪ Regularly update the list of risks involved in the relevant activities, and carry out risk identification and evaluation and other related work ▪ Develop and implement a risk response program for the relevant activities ▪ Responsible for the implementation of specific risk management measures ▪ Monitor all kinds of risks involved in the relevant activities, timely report to the risk management coordinator and risk management leadership on risk information ▪ Conduct other relevant work on risk management
Internal audit function	▪ As a risk management supervising department, responsible for supervising risk management work of the Group and regional offices

✓ **Established the risk assessment criteria** – In response to the changes in the internal and external operating environment of the Group and taking into account its business nature, operation characteristics and strategic objectives and the risk appetite of the management, the Group established the risk assessment standards applicable to the Group and carried out the assessment on the risks that are most likely to affect the achievement of the corporate objectives by using commonly recognized assessment methods and assessment criteria.

✓ **Established and standardized risk management workflow** – A risk management workflow covering major steps including identification, assessment, response, monitoring and reporting (please refer to chart 1 "Risk management workflow" below for details) has been established to systematically organize, mitigate and monitor risks. The main elements include, for the purposes of business objectives of the Group, identifying the risk factors that affect the achievement of business objectives, assessing the likelihood and potential impacts of each specific risk; adopting measures to deal with the risks identified; and continuously monitoring the changes in risks and timely adjusting countermeasures.

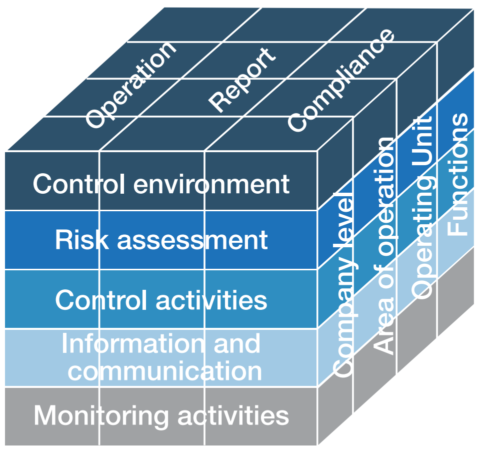
✓ **Determined the risk management review frequency** – The frequency of risk management assessment and reporting of the Group was determined (to be at least once a year), and the aforesaid key elements have been incorporated in the Risk Management Manual of the Group to standardize the forms and frequency of reporting.

(Chart 1: Risk management workflow)

During the year, the Board conducted a comprehensive review of the Group's risk management through the audit committee, identified the top 10 risks facing by its business and adopted the relevant countermeasures with the help of external consultants, set out the main department responsible for risk management and countermeasures and objectives for improvement, and reported the assessment results to the audit committee.

Internal Control

The Group has established its own internal control system by making reference to the internal control and management framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) (please refer to chart 2: COSO internal control management framework). The Group's risk management system consists of five interdependent elements, which coordinate and operate to ensure the effectiveness of internal control functions of the Group. The five elements are: control environment, risk assessment, control activities, information and communication and monitoring activities.



(Chart 2: COSO internal control management framework)

The internal control system of the Group, as an important part of its risk management, is established based on the risks faced by the Group. The management at the headquarters of the Group, its regional offices and departments has designed and implemented a series of policies and procedures in view of the process relating to finance, operation and compliance, and monitors the implementation of these policies and procedures and their effectiveness.

Internal Audit

The Group has established an internal audit department to be responsible for independent supervision. Management has developed measures for improvement in view of the vulnerabilities and weaknesses identified during the internal audit, which are followed up by the comprehensive monitoring center on a regular basis to ensure the timely implementation of the relevant measures for improvement.

Review of Risk Management and Internal Control System

During the year, the Board, through the audit committee, conducted a review of the risk management and internal control systems of the Group for the financial year of 2020, covering the Group and its regional offices. Material and important aspects of control, including financial, operation and compliance areas, were reviewed, and the changes in natures and severity of major risks as well as the Group's ability to cope with the changes in its business were taken into account, and these systems were considered to be effective and adequate.

The audit committee has reviewed the resources, staff qualifications and experience of the Company on accounting, internal audit and financial reporting functions as well its staff training programs and budget and confirmed the adequacy of the same.

Framework for Disclosure of Inside Information

The Company has put in place a framework for the handling and disclosure of inside information in compliance with the SFO. The framework sets out the procedures and internal controls, including but not limited to establishing controls for monitoring business and corporate developments and events so that any potential inside information is promptly identified and escalated, restricting access to inside information to a limited number of employees on a need-to-know basis, and ensuring employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality, for the handling and dissemination of inside information in a timely manner so as to allow all the shareholders and stakeholders to assess the latest position of the Group.

Audit Committee

The audit committee comprised three members, namely Mr. Victor Huang, chairman of the committee, Mr. Chan Chun Hung, Vincent and Mr. Guo Zhaohui, who were all independent non-executive Directors. The audit committee adopted the written terms of reference which were basically the same as those set forth in the code provision C.3.3 of the Corporate Governance Code. The audit committee is principally responsible for the following duties, inter alia:

- to provide recommendations on the appointment, reappointment and removal of external auditors to the Board, approve the remuneration and terms of engagement of the external auditors and handle any issues related to the resignation or dismissal of the auditors;

- to review and monitor whether the external auditors are independent and objective and whether the audit procedures are effective in accordance with applicable standards;

- to formulate and implement policies for the engagement of external auditors for the provision of non-audit services;

- to monitor the integrity of the financial statements, the annual reports and accounts and the interim reports of the Company, and review the material financial reporting judgements therein;

- to review the financial control, internal control and risk management systems of the Company;

- to discuss the internal control and risk management systems with the management and to ensure that the management has discharged its duties of setting up an effective internal control and risk management system;

- to review the financial and accounting policies and practices of the Group; and

- to review the external auditors' letter to the management, any material queries that the auditors made to the management in respect of the accounting records, financial accounts or systems of control as well as the management's response.

As the audit committee was only established on 13 November 2020, no meeting of the committee has been held from the date of its establishment to 31 December 2020.

For the year ended 31 December 2020, the emolument of the external auditor of the Company for the annual audit and review of the financial statements of the Company amounted to RMB4.2 million. For the year ended 31 December 2020, the emolument of the external auditor of the company for non-audit services amounted to RMB1.1 million.

Remuneration Committee

The remuneration committee's terms of reference were basically the same as those set forth in code provision B.1.2 of the Corporate Governance Code. The majority of the members of the remuneration committee were independent non-executive Directors. The members of the remuneration committee included Mr. Guo Zhaohui as chairman of the committee, Mr. Victor Huang and Mr. Hu Liang.

The remuneration committee is principally responsible for the following duties:

- to make recommendations and suggestions to the Board in respect of the remuneration policy and structure of the Directors and senior management of the Company and the establishment of formal and transparent procedures for developing such remuneration policy;

- to determine the specific remuneration packages of all executive Directors and senior management;

- to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

- to review and approve payments to the executive Directors regarding compensation for their loss or termination of office or appointment, to ensure relevant terms of the contracts, and that the compensation is fair and not excessive for the Company;

- to review and approve the arrangements involved in the termination or dismissal of Directors due to misconduct, to ensure that those arrangements are determined according to the relevant terms of the contracts, and that the compensation is reasonable and appropriate; and

- to ensure that no Director or any of his associates is involved in deciding his/her own remuneration.

As the remuneration committee was only established on 13 November 2020, no meeting of the committee has been held from the date of its establishment to 31 December 2020.

Nomination Committee

The nomination committee's terms of reference were basically the same as those set forth in code provision A.5.2 of the Corporate Governance Code. The majority of the members of the nomination committee were independent non-executive Directors. The members of the nomination committee are Mr. Zhao Changlong as the chairman of the committee, Mr. Chan Chun Hung, Vincent and Mr. Guo Zhaohui.

The nomination committee is principally responsible for the following duties:

- to review the structure, size and composition (including skills, diversity, knowledge and experience) of the Board on a regular basis, and make recommendations and suggestions to the Board on any proposed changes;

- to identify individuals with suitable qualifications and diversity to serve as members of the Board, and select and nominate the relevant persons to serve as Directors or make recommendations and suggestions to the Board in this regard;

- to appraise the independence of the independent non-executive Directors in accordance with the provisions of applicable laws, regulations and rules; and

- to make recommendations and suggestions to the Board regarding the appointment and re-appointment of Directors by the Company and succession plan for Directors.

The Board has also adopted a "Board Diversity Policy" to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance. Selection of board candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience.

As the nomination committee was only established on 13 November 2020, no meeting of the committee has been held from the date of its establishment to 31 December 2020.

Securities Transactions by the Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set forth in Appendix 10 of the Listing Rules as the guidelines for Directors' dealings in the securities of the Company. Following specific enquiries of all the Directors, each Director confirmed that he/she had complied with the required standards as set out in the Model Code in relation to his/her securities dealings from the Listing Date to 31 December 2020.

Directors' Responsibilities for the Financial Statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner.

Dividend Policy

The Company has adopted a dividend policy (the "**Dividend Policy**") where the Company would, where the situation allows, declare dividends to shareholders every year and may declare special dividends from time to time. In deciding whether to propose a dividend and in determining the dividend amount, the Board will take into consideration the Group's distributable profits generated during the year, the financial situation and liquidity of the Group, the investment needs and the retained profits that should be set aside for future development purposes. While sharing the profit with shareholders, the Company will also maintain sufficient reserves to meet its liabilities and to ensure the implementation of the Group's strategy for future development. The payment of dividend is also subject to any restrictions under the laws of Cayman Islands, the laws of Hong Kong and the Articles.

Relationship with Controlling Shareholders

The Company has received, from each of Dr. Hui Ka Yan, Xin Xin (BVI) Limited, China Evergrande Group, Anji (BVI) Limited and CEG Holdings (together the "**Undertaking Controlling Shareholders**") an annual declaration on the compliance with the deed of non-competition (the "**Deed**") entered into by each of them in favour of the Company pursuant to which each of the Undertaking Controlling Shareholders has unconditionally undertaken to the Company that it/he will not directly or indirectly participate in, hold any right or interest, or otherwise be involved in any business which may compete with that of the Group. The independent non-executive Directors have reviewed and were satisfied that each of the Undertaking Controlling Shareholders has complied with the Deed from the Listing Date to 31 December 2020.

Amendments to the Company's Constitutional Documents

In preparation for the listing of the Shares on the Stock Exchange, the Shareholders have on 13 November 2020 resolved to adopt the amended and restated Articles in compliance with the Listing Rules.

Shareholders' Rights

Right to convene an extraordinary general meeting ("**EGM**") (including the right of making proposals/moving resolutions at the EGM)

Any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up share capital of the Company carrying the right of voting at the general meetings of the Company (the "**Eligible Shareholder(s)**") shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving resolutions at the EGM.

Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving resolutions at the EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong at 23rd Floor, China Evergrande Centre, 38 Gloucester Road, Wanchai, Hong Kong, for the attention of the Company Secretary.

If within 21 days of the deposit of the Requisition the Board has not notified the Eligible Shareholders and fails to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so in accordance with the Articles, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board to convene such meeting shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

Right to Nominate Directors for Election at General Meetings

If a shareholder wishes to propose a person other than a Director of the Company for election as a Director, the shareholder must deposit a written notice (the "**Notice**") to the principal place of business of the Company in Hong Kong at 23rd Floor, China Evergrande Centre, 38 Gloucester Road, Wanchai, Hong Kong, or the branch share registrar of the Company, Computershare Hong Kong Investor Services Ltd., at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for the attention of the Company Secretary. The Notice must state clearly the name of the shareholder(s) and his/her/their shareholding, the full name of the person proposed for election as a Director, including the person's biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the shareholder concerned (not the person to be nominated).

The Notice must also be accompanied by a letter of consent signed by the person nominated to be elected on his/her willingness to be elected as a Director. The period for lodgment of the Notice will commence no earlier than the day after the despatch of the notice by the Company of the general meeting appointed for the election of Directors of the Company and end no later than seven (7) days prior to the date of such general meeting.

The Notice will be verified by the Company's branch share registrar and upon their confirmation that the request is proper and in compliance with the rules of procedures, the Company Secretary will ask the nomination committee of the Company (the "**Nomination Committee**") and the Board of the Company to consider to include the resolution in the agenda for the general meeting proposing such person to be elected as a Director.

Disclaimers

The contents of the section headed "Shareholders' Rights" in this report are for reference only and in compliance with disclosure requirements, which do not represent and shall not be regarded as legal or other professional advice to the shareholders. Shareholders should seek their independent legal or other professional advice as to their rights as shareholders of the Company. The Company disclaims any liability for all liabilities and losses incurred by the shareholders in reliance upon any contents of the section headed "Shareholders' Rights".

Investor Relations

The Company emphasises communication with institutional investors so as to enhance the transparency of the Company, and stresses the importance of channels to collect and respond to the opinions of institutional investors.

During the year under review, the Directors and senior management of the Company participated in several roadshows and investment meetings. Additionally, the Company released information and responded to questions from the media through press conferences and the Company's website, and communicated with the media on a regular basis.

Shareholders, investors and the media can make enquiries with us by the following methods:

By telephone: (852) 2287 9208
By post: 23rd Floor, China Evergrande Centre, 38 Gloucester Road, Wanchai, Hong Kong
By email: IR@evergrandeservice.com

Report of the Directors

The Directors is pleased to present the annual report together with the audited financial statements of the Group for the year ended 31 December 2020.

Principal Activities

The Company is one of the largest and fastest-growing integrated property management service enterprise in the PRC. It is an all-round property manager and manages a diverse portfolio of properties (including mid-to-high-end residential properties, office buildings and commercial properties), and has been contracted to manage other types of properties (such as theme parks, industrial parks, healthcare complexes, themed towns and schools, etc.).

Business Review

General

A review of the business of the Group for the year ended 31 December 2020, discussion on the future development in the Group's business, description of possible business risks and uncertainties that the Group may be facing are provided in the Chairman's Statement on pages 10 to 13 and Management Discussion and Analysis on pages 14 to 33 of this annual report. An analysis of the key financial performance indicators, the interest rate risk and foreign exchange risk of the Group are elaborated in the Management Discussion and Analysis on pages 14 to 33 of this annual report, and the financial risk management objectives and policies of the Group are set out in note 3 to the consolidated financial statements. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2020 are provided in note 32 to the consolidated financial statements.

Environmental Policies and Performance

The Group is committed to the long-term sustainability of the environment and communities in which it operates. The Group complies with applicable environmental protection laws and regulations for its business operations, and has implemented relevant environmental protection measures in compliance with applicable laws and regulations of PRC. Further details on the environmental policies and performance of the Group are set out in the Environmental, Social and Governance Report to be published separately.

Relationship with Stakeholders

The Group recognizes that employees, customers and business partners are keys to its sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing quality services to its customers and enhancing cooperation with its business partners. The Group provides systematic and extensive training programs to its employees to improve and enhance their technical and service skills, as well as to supplement their knowledge of industry quality standards and work place safety standard. Details are elaborated in the Management Discussion and Analysis on pages 14 to 33 of this annual report.

The Group is dedicated to develop good relationship with suppliers as long-term business partners to ensure stability of the Group's businesses. It reinforces business partnerships with suppliers by ongoing communication in a proactive and effective manner.

Customers satisfaction with services and products has a profound effect on the profitability of the Group. The Group is dedicated to foster a safe, convenient, healthy and caring community through its butlers who are on call round-the-clock. The customer-centric culture has guided the Group to forge ahead and explore new ways to better serve its customers. For example, it has implemented a smart information platform that utilizes information and intelligent technologies to facilitate online interactions between its customers and butlers, which enhances customer experience, reduces its reliance on manual labor and improves operating efficiency.

Financial Statements

The results of the Group for the year are set out in the consolidated statement of comprehensive income of the Group on page 77.

The state of affairs of the Group as at 31 December 2020 is set out in the Consolidated Balance Sheet on pages 78 and 79.

The cash flows of the Group for the year are set out in the Consolidated Statement of Cash Flows on page 81.

Share Capital

Details of the movement in share capital of the Company during the year are set out in note 21 to the consolidated financial statements on page 127.

Dividends

For reason that the Group's business is still in a rapid expansion stage after its Listing on 2 December 2020, the Board resolved not to declare a final dividend for the year ended 31 December 2020.

Reserves

Details of movements in the reserves of the Company during the year are set out in note 22 to the financial statements on page 128.

As at 31 December 2020, the Company's reserve available for distribution amounted to RMB9,140.1 million. No dividend was proposed for the year.

Property and Equipment

The movements in property and equipment during the year are set out in note 15 to the financial statements on pages 121 and 122.

Major Customers and Suppliers

The largest customer and the five largest customers of the Group accounted for approximately 2.43% and 3.74% respectively of the Company's revenues for the year ended 31 December 2020.

For the year ended 31 December 2020, the total amount of purchases made by the Company from the largest and the five largest suppliers accounted for approximately 2.49% and 6.53% of the Company's total purchases for the year.

As far as the Company is aware, none of the Directors, their associates and shareholders who are interested in more than 5% of the share capital of the Company had any interest in the five largest suppliers and customers noted above.

Directors

The Directors who held office during the year and up to the date of this report were:

Executive Directors

Mr. Zhao Changlong (appointed on 23 September 2020)
Mr. Hu Liang (appointed on 23 September 2020)
Mr. Wang Zhen (appointed on 23 September 2020)
Ms. An Lihong (appointed on 23 September 2020)

Independent Non-executive Directors

Mr. Chan Chun Hung, Vincent (appointed on 13 November 2020)
Mr. Victor Huang (appointed on 13 November 2020)
Mr. Guo Zhaohui (appointed on 13 November 2020)

The biographical details of the Directors and senior management are set out in the section headed "Profiles of Directors and Senior Management" of this report.

In accordance with article 84(1) of the Articles, at each AGM one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years. Accordingly, Mr. Zhao Changlong and Mr. Hu Liang shall retire at the forthcoming AGM and, being eligible, will offer themselves for re-election at the AGM.

In addition, each of Mr. Chan Chun Hung, Vincent, Mr. Victor Huang and Mr. Guo Zhaohui, who was appointed as an addition to the Board on 13 November 2020 shall only hold office until the next following general meeting in accordance with article 83(3) of the Articles. Accordingly, each of Mr. Chan Chun Hung, Vincent, Mr. Victor Huang and Mr. Guo Zhaohui shall retire at the forthcoming AGM and, being eligible, will offer themselves for re-election at the AGM.

Permitted Indemnity Provisions

The Articles provide that every Director is entitled to be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which he may incur or sustain 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, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

The Group has taken out and maintained directors' liability insurance for the year ended 31 December 2020, which provides appropriate cover for the Directors. The permitted indemnity provision was in force during the year ended 31 December 2020 and remained in force as at the date of this report for the benefit of the Directors.

Management Contracts

During the year ended 31 December 2020, no management or administration contract concerning the management of the whole or substantial part of any business of the Company was entered into, or subsisted at the end of the year.

Directors' Service Contracts

None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Directors' Interests in Contracts

There were no contracts of significance in relation to the Group's business, to which any member of the Group was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisting at the end of the year or at any time during the year.

Directors' Interests in Competing Businesses

None of the Directors and their respective associates has an interest in any business which competes or may compete with the business in which the Group is engaged.

China Evergrande Group and certain of its subsidiaries, which are beneficially controlled by Dr. Hui Ka Yan, the chairman of China Evergrande Group are the controlling shareholders of the Company.

The controlling shareholders have provided an annual confirmation in respect of the compliance with the non-competition undertaking given by them.

The independent non-executive Directors have reviewed the compliance by the controlling shareholders with the non-compliance undertaking. The independent non-executive Directors have confirmed that, as far as they can ascertain, there has been no breach by any of the controlling shareholders of the non-competition undertaking given by them.

Directors' Benefits from Rights to Acquire Shares or Debentures

At no time during the year was the Company, any of its holding companies or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debenture

As at 31 December 2020, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Interest in shares and underlying shares of associated corporations of the Company

Name of Director	Name of associated corporations	Number of shares interested	Approximate percentage of shareholding
Mr. Zhao Changlong	China Evergrande Group	7,800,000[(1)]	0.06%
	HengTen Networks Group Limited	1,000,000	0.00%
Mr. Hu Liang	China Evergrande Group	3,300,000[(2)]	0.02%
	China Evergrande New Energy Vehicle Group Limited	5,000	0.00%
Mr. Wang Zhen	China Evergrande Group	1,300,000[(2)]	0.01%
Ms. An Lihong	China Evergrande Group	250,000[(2)]	0.00%

Notes:

(1) This includes the interests in the share options of China Evergrande Group involving 6,600,000 shares that have not been exercised as at the Latest Practicable Date.

(2) These interests are the share options of China Evergrande Group.

(ii) Interest in debentures of associated corporations of the Company

Name of Director	Name of associated corporations	Currencies of debentures	Amount of debentures held	Amount of debentures in same class in issue
Mr. Victor Huang	China Evergrande Group	US$	200,000	1,000,000,000

Save as disclosed above, as at 31 December 2020, none of the Directors, chief executives of the Company or their respective associates had any other interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests and Short Positions of Substantial Shareholders

So far as is known to any Director or chief executive of the Company, as at 31 December 2020, the following persons had interests or short positions in the Shares or underlying Shares 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 under Section 336 of the SFO or were otherwise notified to the Company and the Stock Exchange:

Name of shareholder	Capacity in which interests are held	Interest in Shares	Approximate percentage of shareholding
Dr. Hui	Interest in controlled corporation	6,486,619,000(1)	60.00%
Mrs. Hui	Spouse interest	6,486,619,000(2)	60.00%
Xin Xin (BVI)	Interest in controlled corporation and beneficial owner	6,486,619,000(3)	60.00%
China Evergrande Group	Interest in control corporation	6,486,619,000(4)	60.00%
Anji (BVI)	Interest in controlled corporation	6,383,074,000(5)	59.04%
Shengjian (BVI)	Interest in controlled corporation	6,383,074,000(5)	59.04%
CEG Holdings	Beneficial owner	6,383,074,000(5)	59.04%

Notes:

1. *Such shares are held by China Evergrande Group and its subsidiaries. Dr. Hui Ka Yan ("**Dr. Hui**") is the controlling shareholder of China Evergrande Group and is deemed to be interested in such shares under the SFO.*

2. *Mrs. Hui is the spouse of Dr. Hui and is deemed to be interested in the same interest of Dr. Hui in the Company under the SFO.*

3. *Xin Xin (BVI) is a company wholly owned by Dr. Hui and is the direct controlling shareholder of China Evergrande Group. Xin Xin (BVI) is deemed to be interested in the shares held by China Evergrande Group in the Company under the SFO.*

4. *Of the 6,486,619,000 Shares, 6,383,074,000 Shares are held by China Evergrande Group through its subsidiaries and 103,545,000 Shares are held directly by China Evergrande Group.*

5. *CEG Holdings is directly owned as to 50% by China Evergrande Group and as to 50% by Shengjian (BVI). Shengjian (BVI) is wholly owned by Anji (BVI), which is in turn wholly owned by China Evergrande Group. By virtue of the SFO, Shengjian (BVI) and Anji (BVI) and China Evergrande Group are deemed to be interested in the Shares held by CEG Holdings Limited.*

Subsidiaries

Details of the Company's principal subsidiaries at 31 December 2020 are set out in note 31 to the financial statements on page 139.

Continuing Connected Transactions

During the year, the Group had the following transactions and arrangements with connected persons (as defined in the Listing Rules) of the Company which constituted continuing connected transactions for the Company and are required to be reported in this annual report in compliance with the disclosure requirements under Chapter 14A of the Listing Rules:

1. Car Parking Space Leasing

On 19 November 2020, the Company entered into a master car parking space leasing agreement (the "**Master Car Parking Space Leasing Agreement**") with China Evergrande Group, pursuant to which the Group will lease from the subsidiaries, joint ventures and associates of China Evergrande Group (the "**Evergrande Associates**") certain car parking spaces (the "**Car Parking Spaces**") situated in the residential and commercial properties developed by the Evergrande Associates and managed by the Group for subleasing to residents and tenants in such residential and commercial properties. The Master Car Parking Space Leasing Agreement has a term commencing from the Listing Date until 31 December 2022.

The rent to be paid by the Group for the lease of the Car Parking Spaces is determined after arm's length negotiations with reference to, among others, the prevailing market rent of car parking spaces in similar locations and similar properties and the number and occupancy rate of the Car Parking Spaces leased by the Group from the Evergrande Associates.

It is estimated that the maximum amounts of rent fee payable by the Group for the leasing of the Car Parking Spaces for the year ended 31 December 2020 would not exceed RMB121.8 million. During the year, the total transaction amount under the Master Car Parking Space Leasing Agreement was approximately RMB90.1 million.

2. Procurement of Goods and Services

On 19 November 2020, the Company entered into a master procurement agreement (the "**Master Procurement Agreement**") with China Evergrande Group, pursuant to which the Group agreed to procure from the Evergrande Associates certain goods and services, including but not limited to (i) maintenance materials and parts for use in the Group's operations; (ii) office and communication equipment; (iii) staff uniforms and other consumables; and (iv) gardening services (the "**Procurement**"). The Master Procurement Agreement has a term commencing from the Listing Date until 31 December 2022.

The fee to be paid by the Group for the Procurement is determined after arm's length negotiations with reference to (i) the catalog prices (if available) of goods from the Evergrande Associates and other independent third-party suppliers; and (ii) the prevailing market price of similar goods and services (having taken into account the scope of services and the anticipated operational costs including but not limited to labor costs and costs of materials).

It is estimated that the maximum amounts of fees payable by the Group for the Procurement for the ended 31 December 2020 would not exceed RMB146.1 million. During the year, the total transaction amount under the Master Procurement Agreement was approximately RMB122.1 million.

3. Recreation Center Operational Management Services

On 19 November 2020, the Company entered into a master recreation center operational management services agreement (the "**Master Recreation Center Operational Management Services Agreement**") with China Evergrande Group, pursuant to which the Group agreed to provide operational management services (the "**Recreation Center Operational Management Services**") with respect to recreation centers situated in the residential and commercial properties developed and owned by the Evergrande Associates. The Master Recreation Center Operational Management Services Agreement has a term commencing from the Listing Date until 31 December 2022.

The fee to be charged for the Recreation Center Operational Management Services is determined after arm's length negotiations with reference to the prevailing market rate (having taken into account the location and condition of the recreation centers, the scope of services and the anticipated operational costs including but not limited to labor costs, administrative costs and costs of materials).

It is estimated that the maximum amounts of service fee payable to the Group in relation to the Recreation Center Operational Management Services for the year ended 31 December 2020 would not exceed RMB4.2 million. During the year, the total transaction amount under the Master Recreation Center Operational Management Services Agreement was approximately RMB4.0 million.

4. Property Transaction Assistance Services

On 19 November 2020, the Company entered into a master property transaction assistance services agreement (the "**Master Property Transaction Assistance Services Agreement**") with China Evergrande Group, pursuant to which the Group agreed to provide transaction assistance services in respect of (i) the leasing to third parties of properties (excluding car parking spaces) owned by the Evergrande Associates for commercial use; and (ii) the sales to third parties of the car parking spaces situated in residential and commercial properties developed by the Evergrande Associates (the "**Property Transaction Assistance Services**"). The Master Property Transaction Assistance Services Agreement has a term commencing from the Listing Date until 31 December 2022.

The fee to be charged for the Property Transaction Assistance Services is determined after arm's length negotiations with reference to (i) the rental and GFA of the properties to be leased through the Property Transaction Assistance Services, (ii) the selling price and number of car parking spaces to be sold through the Property Transaction Assistance Services; (iii) the scope of the Property Transaction Assistance Services; and (iv) a certain service fee calculated at a rate which is comparable to the prevailing market rate paid by the Evergrande Associates to other independent property transaction assistance service providers for similar services.

It is estimated that the maximum amounts of service fee payable to the Group in relation to the Property Transaction Assistance Services for the year ended 31 December 2020 would not exceed RMB121.7 million. During the year, the total fee paid under the Master Property Transaction Assistance Services Agreement was approximately RMB118.5 million.

5. Property Management and Related Services

On 19 November 2020, the Company entered into a master property management and related services agreement (the "**Master Property Management and Related Services Agreement**") with China Evergrande Group, pursuant to which the Group agreed to provide to the Evergrande Associates property management and related services, including but not limited to (i) property management services for unsold properties and properties owned by the Evergrande Associates; (ii) pre-delivery services including (a) management and maintenance services for construction sites, show flats and property sales centers and preliminary planning and design consultancy services at the pre-delivery stage, (b) pre-delivery cleaning services, and (c) pre-delivery inspection services; and (iii) repair and maintenance services during the warranty period of residential and commercial properties developed by the Evergrande Associates (the "**Property Management and Related Services**"). The Master Property Management and Related Services Agreement has a term commencing from the Listing Date until 31 December 2022.

The fees to be charged for the Property Management and Related Services is determined after arm's length negotiations with reference to the prevailing market price (having taken into account the location and condition of the property, the scope of services and the anticipated operational costs including but not limited to labor costs, administrative costs and costs of materials), historical transaction amounts and the prices charged by the Group for providing comparable services to Independent Third Parties.

It is estimated that the maximum amounts of service fee payable to the Group in relation to the Property Management and Related Services for the year ended 31 December 2020 would not exceed RMB3,945.3 million. During the year, the total transaction amount under the Master Property Management and Related Services Agreement was approximately RMB3,901.3 million.

China Evergrande is a controlling shareholder of the Company and is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions under each of the (i) Master Car Parking Space Leasing Agreement; (ii) Master Procurement Agreement; (iii) Master Recreation Center Operational Management Services Agreement; (iv) Master Property Transaction Assistance Services Agreement; and (v) Master Property Management and Related Services Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules upon Listing.

Waiver

In respect of these continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted us, waivers exempting us from strict compliance with the reporting, annual review, announcement and independent shareholders' approval requirements (as appropriate) under Chapter 14A of the Listing Rules subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the annual caps of the respective agreements.

Confirmations

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

1. in the ordinary and usual course of business of the Group;

2. on normal commercial terms or better; and

3. in accordance with the respective agreements governing the above-mentioned continuing connected transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Furthermore, in accordance with Rule 14A.56 of the Listing Rules, the Group has engaged its auditors to report on the Group's continuing connected transactions. The auditors of the Group have issued a letter to the Board confirming that nothing has come to their attention that causes them to believe that the above continuing connected transactions:

1. have not been approved by the Board;

2. have exceeded the respective caps;

3. have not been entered into in accordance with the terms of the relevant agreements governing such transactions; and

4. were not in accordance with the pricing policies of the Group where such transactions involved the provision of goods or services by the Group.

Related Party Transactions

Details of the related party transactions of the Group for the year ended 31 December 2020 are disclosed in note 29 to the consolidated financial statements of the Group.

Save as disclosed above, during the year under review, none of the related party transactions constitutes a connected transaction or continuing connected transaction subject to independent Shareholders' approval, annual review and all disclosure requirements in Chapter 14A of the Listing Rules.

Employee and Remuneration Policy

As at 31 December 2020, the Group employed a total of 42,244 employees. The Group recruits and promotes individuals based on merit and their development potentials. Remuneration package offered to all employees including Directors is determined with reference to their performance and the prevailing salary levels in the market.

Commitments

Details of commitments are set out in note 27 to the financial statements on page 134.

Independence Confirmation

The Company has received from each of the independent non-executive Directors a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The board of Directors is satisfied with the independence of each of the independent non-executive Directors.

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance and has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. Further information on the Company's corporate governance practices is set out in the Corporate Governance Report on pages 43 to 55.

Foreign Exchange Risks

Details of the foreign exchange risks are set out in note 3.1.1 to the financial statements on page 104.

Purchase, Sale and Redemption of Shares

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

As set out in the prospectus of the Company dated 23 November 2020, the Company offered an aggregate of 810,811,000 new Shares as part of the Global Offering (as defined in the prospectus). The securities of the Company were listed on the Stock Exchange on 2 December 2020.

Proceeds From The Global Offering

The Company's shares were successfully listed on the Stock Exchange on 2 December 2020 and 810,811,000 new shares were allotted and issued under the Global Offering (as defined in the Company's prospectus dated 23 November 2020 (the "**Prospectus**")). After excluding underwriting fees and commissions, the net proceeds from the Global Offering are approximately RMB5,951.2 million.

As at 31 December 2020, the Group has not yet utilized the proceeds.

As set out in the Prospectus, the Group intends to use the proceeds for the following purposes:

- approximately 65% will be used for strategic acquisition and investment;
- approximately 15% will be used for the development of the Group's value-added services;
- approximately 8% will be used for the upgrade of information system and equipment;
- approximately 2% will be used to recruit and cultivate talent; and
- approximately 10% will be used for working capital and other general corporate purposes.

Disclosure Pursuant to Rule 13.20 of the Listing Rules

So far as the Directors are aware, there were no circumstances which would give rise to a disclosure obligation under Rules 13.20 of the Listing Rules in relation to the Company's advance to an entity.

Events after the Reporting Period

Details of the events after the reporting period are set out in note 32 to the financial statements on page 139.

Financial Summary

A summary of the results, assets and liabilities of the Group for the past four years is set out on page 140.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Articles or the laws of the Cayman Islands requiring the Company to offer new shares to the existing shareholders of the Company in proportion to their respective shareholders if new shares are issued.

Sufficiency of Public Float

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

Auditors

The Company appointed PricewaterhouseCoopers as the auditors of the Company for the year ended 31 December 2020. A resolution for the reappointment of PricewaterhouseCoopers as auditors of the Company will be proposed at the forthcoming Annual General Meeting of the Company.

On behalf of the Board
Zhao Changlong
Chairman

Hong Kong, 16 March 2021

Independent Auditor's Report

羅兵咸永道

To the Shareholders of Evergrande Property Services Group Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Evergrande Property Services Group Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 77 to 139, which comprise:

- the consolidated balance sheet as at 31 December 2020;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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

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 2020, 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.

Key audit matter identified in our audit is the assessment of the expected credit losses of trade receivables.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of the expected credit losses of trade receivables	
Refer to note 4(a) "Critical accounting estimates and judgements" and note 17 "Trade and other receivables" to the consolidated financial statements. As at 31 December 2020, the gross trade receivables amounted to RMB3,932,721,000, which represented approximately 23% of the total assets of the Group. Management has assessed the expected credit losses ("**ECL**") of trade receivables and loss allowance of RMB113,665,000 was made against the gross trade receivables. Management applied the simplified approach under HKFRS 9 to measure the lifetime ECL of trade receivables. To measure the ECL, trade receivables were grouped based on shared credit risk characteristics. Management assessed the ECL based on estimation about risk of default and expected loss rates, and judgment was used in making these assumptions and selecting the inputs to the impairment calculation, including the historical settlement records, credit ratings, financial positions of the customers and other factors that impacted their ability of repayment. Management also took into account of existing market conditions and forward looking information. We focused on this area due to the significance of the trade receivable balances and the complexity of models and subjectivity of significant assumptions and data used in the estimation of expected credit losses.	We obtained an understanding of management's internal control and assessment process of the ECL of trade receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity of models and subjectivity of significant assumptions and data used. We evaluated and tested management's key controls in relation to the assessment of the ECL of trade receivables, including the review of ageing analysis. We assessed the appropriateness of the grouping of trade receivables based on shared credit risk characteristics and ageing periods and the credit loss provisioning methodology adopted by management. We tested, on a sample basis, the accuracy of ageing profile of trade receivables prepared by management by checking to sales invoices or other relevant documents. We tested, on a sample basis, the historical settlement of the customers by checking to the bank slips to assess the effectiveness of management's estimation process. We challenged management's estimation of the risk of default and ECL rate referencing to customers' credit information including settlement records, their financial positions and ability of repayment and collaborated management's explanations with publicly available information and supporting evidence. We evaluated the appropriateness of the forward looking information with reference to our industry knowledge and relevant published macroeconomic data. We checked the mathematical accuracy of the calculation of the allowance of ECL. We found the models, significant assumptions and data applied by management in the assessment of the ECL of trade receivables were supported by available evidences.

Other Information

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

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

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

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

Responsibilities of Directors and Those Charged with Governance 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.

Those charged with governance are 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 those charged with governance 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 those charged with governance 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 those charged with governance, 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 Yeung Chor Ho.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 16 March 2021

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2020 RMB'000	2019 RMB'000
Revenue	6	**10,508,859**	7,332,722
Cost of sales		**(6,502,704)**	(5,577,739)
Gross profit		**4,006,155**	1,754,983
Administrative expenses		**(629,385)**	(515,061)
Reversal of/(allowance for) impairment losses on financial assets		**35,742**	(48,210)
Other income	7	**149,786**	66,550
Other losses	8	**(46,221)**	(194)
Operating profit		**3,516,077**	1,258,068
Finance costs	11	**(17,338)**	(28,883)
Profit before income tax		**3,498,739**	1,229,185
Income tax expenses	12	**(851,371)**	(298,661)
Profit for the year		**2,647,368**	930,524
Profit attributable to:			
– Owners of the Company		**2,647,999**	930,232
– Non-controlling interests		**(631)**	292
		2,647,368	930,524
Other comprehensive (loss)/income			
Items that may be reclassified to profit or loss			
Currency translation differences		**(1,142)**	160
Total comprehensive income for the year		**2,646,226**	930,684
Total comprehensive income attributable to:			
– Owners of the Company		**2,646,857**	930,392
– Non-controlling interests		**(631)**	292
		2,646,226	930,684
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
– Basic and diluted	13	**0.26**	0.09

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

Consolidated Balance Sheet

	Note	As at 31 December 2020 RMB'000	2019 RMB'000
Assets			
Non-current assets			
Property and equipment	15	**53,855**	57,195
Intangible assets	16	**127,662**	433
Right-of-use assets	24	**23,084**	25,844
Deferred income tax assets	25	**56,902**	66,280
		261,503	149,752
Current assets			
Trade and other receivables	17	**4,186,287**	5,256,799
Prepayments	18	**12,213**	15,968
Amounts due from related parties	29	**–**	1,349,686
Cash and cash equivalents	19	**12,603,924**	684,348
Restricted cash	20	**222**	102
		16,802,646	7,306,903
Total assets		**17,064,149**	7,456,655
Equity			
Equity attributable to owners of the Company			
Share capital	21	**7,060**	–
Reserves	22	**6,522,290**	373,636
Retained earnings		**3,393,829**	1,387,971
		9,923,179	1,761,607
Non-controlling interests		**10,962**	12,850
Total equity		**9,934,141**	1,774,457
Liabilities			
Non-current liabilities			
Lease liabilities	24	**10,613**	12,750
Deferred income tax liabilities	25	**14,888**	–
		25,501	12,750

	Note	As at 31 December 2020 RMB'000	 2019 RMB'000
Current liabilities			
Contract liabilities	6	**2,725,759**	2,285,276
Trade and other payables	23	**4,126,388**	2,969,115
Current income tax liabilities		**238,881**	398,383
Lease liabilities	24	**13,479**	13,724
Borrowings		**–**	2,950
		7,104,507	5,669,448
Total liabilities		**7,130,008**	5,682,198
Total equity and liabilities		**17,064,149**	7,456,655

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

The financial statements on pages 77 to 139 were approved by the board of directors on 16 March 2021 and were signed on its behalf:

Zhao Changlong
Director

Hu Liang
Director

Consolidated Statement of Changes in Equity

	Note	Attributable to owners of the Company Share capital RMB'000 (Note 21)	Combined capital RMB'000 (Note 22)	Reserves RMB'000 (Note 22)	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2019		–	67,876	204,881	524,083	796,840	(67)	796,773
Comprehensive income								
Profit for the year		–	–	–	930,232	930,232	292	930,524
Currency translation differences		–	–	160	–	160	–	160
Transactions with owners of the Company								
Contribution from the then shareholders of the Group		–	37,500	–	–	37,500	12,500	50,000
Acquisition of subsidiaries now comprising the Group by the Remaining Group	22	–	375	–	–	375	125	500
Dividends to the Remaining Group	14	–	–	–	(3,500)	(3,500)	–	(3,500)
Transfer to statutory reserve		–	–	62,844	(62,844)	–	–	–
Balance at 31 December 2019		–	105,751	267,885	1,387,971	1,761,607	12,850	1,774,457
Balance at 1 January 2020		-	105,751	267,885	1,387,971	1,761,607	12,850	1,774,457
Comprehensive income								
Profit for the year		-	-	-	2,647,999	2,647,999	(631)	2,647,368
Currency translation differences		-	-	(1,142)	-	(1,142)	-	(1,142)
Transactions with owners of the Company								
Issue of ordinary shares	21 (b)	7	-	-	-	7	-	7
Capitalisation issue	21 (c)	6,519	-	(6,519)	-	-	-	-
Issue of shares in connection with the Listing	21 (d)	534	-	6,038,289	-	6,038,823	-	6,038,823
Costs related to the issue of shares	21 (d)	-	-	(87,585)	-	(87,585)	-	(87,585)
Acquisition of subsidiaries of the Group from the Remaining Group during the Reorganisation	22	-	(105,751)	31,558	-	(74,193)	(12,317)	(86,510)
Acquisition of subsidiaries		-	-	-	-	-	11,060	11,060
Dividends to the Remaining Group	14	-	-	-	(362,337)	(362,337)	-	(362,337)
Transfer to statutory reserve		-	-	279,804	(279,804)	-	-	-
Balance at 31 December 2020		7,060	-	6,522,290	3,393,829	9,923,179	10,962	9,934,141

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 2020 RMB'000	2019 RMB'000
Cash flows of operating activities			
Cash generated from/(used in) operations	26	**6,176,190**	(360,782)
PRC enterprise income tax paid		**(1,003,217)**	(7,455)
Net cash generated from/(used in) operating activities		**5,172,973**	(368,237)
Cash flows of investing activities			
Purchases of property and equipment		**(17,947)**	(17,135)
Disposal of equipment		**40**	86
Purchase of intangible assets		**(11,580)**	(92)
Net payments for acquisition of subsidiaries, net	28	**(54,751)**	–
Decrease in amounts due from related parties, net		**994,678**	139,417
Net cash generated from investing activities		**910,440**	122,276
Cash flows of financing activities			
Proceeds from issue of ordinary shares for the Listing	21(d)	**6,038,823**	–
Payments for the costs related to the issue of shares	21(d)	**(85,492)**	–
Proceeds from borrowings		**–**	2,950
Repayments of borrowings		**(2,950)**	(150,000)
Interest paid		**(146)**	(4,856)
Lease payments		**(18,755)**	(18,423)
Contribution from the then shareholders of a subsidiary		**–**	50,000
Payments for the acquisition of subsidiaries from the Remaining Group during the Reorganisation	22	**(86,510)**	–
Dividends paid	14	**(7,329)**	(3,500)
Net cash generated from/(used in) financing activities		**5,837,641**	(123,829)
Net increase/(decrease) in cash and cash equivalents		**11,921,054**	(369,790)
Cash and cash equivalents at beginning of year		**684,348**	1,054,138
Exchange losses on cash and cash equivalents		**(1,478)**	–
Cash and cash equivalents at end of year		**12,603,924**	684,348

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

Notes to the Consolidated Financial Statements

1 General information and reorganisation

1.1 General information

Evergrande Property Services Group Limited (the "**Company**") was incorporated in the Cayman Islands on 13 March 2020 as an exempted company with limited liability under the Companies Law (Cap. 22. Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company's ultimate holding company is China Evergrande Group, an exempted company incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The initial listing of the Company's shares on the Main Board of the Stock Exchange (the "**Listing**") constitutes a spin-off from China Evergrande Group (the "**Spin-Off**"). China Evergrande Group and its subsidiaries excluding the Group, are collectively referred to as the "**Remaining Group**" in these consolidated financial statements.

The Company is an investment holding company. The Company and its subsidiaries (the "**Group**") are primarily engaged in the provision of property management services and related value-added services (the "**Spin-off Business**").

The Company's shares were listed on the Stock Exchange on 2 December 2020.

The outbreak of the 2019 Novel Coronavirus (the "**COVID-19**") had brought unprecedented challenges and added uncertainties to the economy. COVID-19 may affect the financial performance and position of the property management industry. Since the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 and reacted actively to its impact on the financial position and operating results of the Group. As at the date that the consolidated financial information is authorised for issue, COVID-19 does not have any material adverse impact on the financial position and operating result of the Group.

The consolidated financial information is presented in Renminbi ("**RMB**") and rounded to nearest thousand yuan, unless otherwise stated.

These consolidated financial statements have been approved for issue by the board of directors (the "**Board**") on 16 March 2021.

1 General information and reorganisation (continued)

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation as described below (the "**Reorganisation**"), the Spin-off Business was mainly operated through Jinbi Property Management Company Limited ("**Jinbi Property Management**") and its subsidiaries, and certain other entities which were formerly under the Remaining Group and engaged in the Spin-off Business (collectively, the "**Operating Entities**").

In preparation for the initial public offering of the Company's shares on the Main Board of the Stock Exchange, the Reorganisation was undertaken and the operating entities engaged in the Spin-off Business were transferred and held by the Company. The Reorganisation mainly include the following steps:

(a) During May to September 2020, Jinbi Property Management acquired the entire equity interests of the entities which are engaged in the Spin-off Business from the Remaining Group for cash consideration.

(b) During May to June 2020, Jinbi Property Management disposed of its entire interests in two subsidiaries which were not engaged in the Spin-off Business to the Remaining Group. Accordingly, the financial statements of these two subsidiaries was excluded from the consolidated financial statements of the Group for the years ended 31 December 2020 and 2019.

(c) On 13 March 2020, the Company was incorporated in the Cayman Islands with an authorised share capital of USD50,000 divided into 5,000,000 ordinary shares of USD0.01 each. Upon the incorporation of the Company, one share was issued at par to an independent initial subscriber. On July 20, 2020, the share was transferred to CEG Holdings Limited ("**CEG Holdings**"), a subsidiary of China Evergrande Group, at a consideration of USD0.01 and only since then, the Company became part of the Reorganisation forming the Group engaged in the Spin-off Business.

(d) On 20 July 2020, Eagle Investment (BVI) Limited ("**Eagle Investment**") was incorporated in the British Virgin Islands ("**BVI**") with limited liability. As the date of incorporation, one share was issued to the Company.

1 General information and reorganisation (continued)

1.2 Reorganisation (continued)

(e) In August 2020, through a series of transactions with the Remaining Group, Eagle Investment acquired the entire equity interests of Jinbi Property Management. The Spin-off Business was therefore transferred to and held by the Company. The consideration was satisfied by one subscribed share of CEG Holdings.

(f) On 6 August 2020, Oriental Joy Group Limited ("**Oriental Joy**"), a wholly-owned subsidiary of Eagle Investment acquired the entire issued share capital of Fortune Ascent Management Limited ("**Fortune Ascent**") from the Remaining Group, at a cash consideration of HKD9,939,000.

Upon the completion of the Reorganisation, the Company became the holding company of the companies now comprising the Group.

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the Spin-off Business is conducted through the operating entities now comprising the Group which were controlled by China Evergrande Group. Pursuant to the Reorganisation, the Spin-off Business is transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a recapitalisation of the Spin-off Business with no change in management of such business and the ultimate owner of the Spin-off Business remain the same. Accordingly, the consolidated financial statements of the Group have been prepared and presented at the carrying amounts of the Spin-off Business for the years ended 31 December 2019 and 2020, as if the current group structure had been in existence through the two years.

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(i) Compliance with HKFRS and HKCO

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

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis.

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

(iii) New standards, amendments and interpretations adopted by the Group

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2020:

- Definition of Material – Amendments to HKAS 1 and HKAS 8
- Definition of a Business – Amendments to HKFRS 3
- Interest Rate Benchmark Reform – Amendments to HKFRS 7, HKFRS 9 and HKAS 39
- Revised Conceptual Framework for Financial Reporting

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(iv) New standards and amendments to standards that have been issued but are not effective

Certain new accounting standards and amendments to standards have been published that are not mandatory for the year ended 31 December 2020 and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to HKFRS 16	COVID-19-Related Rent Concessions	1 June 2020
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform-Phase 2	1 January 2021
Amendments to HKFRS 3	Update Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022
Annual Improvements	Annual Improvements to HKFRS Standards 2018-2020 Cycle	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Combination	1 January 2022
HKFRS 17	Insurance Contract	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Hong Kong Interpretation 2 (2020)	Presentation of Financial Statements – Classification by Borrower of a Term Loan	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards and amendments. According to the preliminary assessment made by the Group, no significant impact on the financial performance and position of the Group is expected when they become effective.

2 Summary of significant accounting policies (continued)

2.2 Principles of consolidation and equity accounting

2.2.1 Subsidiaries

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

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 statements of comprehensive income, consolidated statements of changes in equity and consolidated balance sheet respectively.

2.2.2 Changes in ownership interests in subsidiaries without change of control

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

2 Summary of significant accounting policies (continued)

2.3 Business combination

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

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

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

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

2 Summary of significant accounting policies (continued)

2.3 Business combination (continued)

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

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

2.4 Separate financial statements

In the Company's statement of financial position, the investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

2.5 Segment reporting

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

2.6 Foreign currency translation

(a) Functional and presentation currency

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

2 Summary of significant accounting policies (continued)

2.6 Foreign currency translation (continued)

(b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented as finance income/(costs). All other foreign exchange gains and losses are presented as other gains/(losses) on a net basis.

(c) Group entities

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

- assets and liabilities of each balance sheet of the group entities are translated at the closing rate at the date of that balance sheet;

- income and expenses of each statement of comprehensive income of the group entities 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 the net investment in foreign operations are taken into equity holders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

2.7 Property and equipment

Property and equipment is stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

2 Summary of significant accounting policies (continued)

2.7 Property and equipment (continued)

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. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

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

– Property	20 years
– Machinery	3-10 years
– Vehicles	3-10 years
– Furniture, fitting and equipment	3-10 years

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 disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains/(losses) – net" in the statement of comprehensive income.

2.8 Intangible assets

(a) Goodwill

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

Goodwill is allocated to cash-generating units ("**CGUs**") for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units 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, being the operating segments.

2 Summary of significant accounting policies (continued)

2.8 Intangible assets (continued)

(b) Property management contracts and customer relationships

Property management contracts and customer relationships acquired in business combinations are recognised at fair value at the acquisition date. The property management contracts and customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful lives of the respective contracts. The expected useful lives of customer relationships is 10 years.

(c) Computer software

Acquired computer software programmes are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 2 to 3 years on a straight-line basis.

2.9 Impairment of non-financial assets

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

2.10 Investments and other financial assets

2.10.1 Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income, 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.

2 Summary of significant accounting policies (continued)

2.10 Investments and other financial assets (continued)

2.10.1 *Classification (continued)*

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. 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 fair value through other comprehensive income.

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

2.10.2 *Recognition and derecognition*

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

2.10.3 *Measurement*

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

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. The Group only held debt instruments classified as financial assets at amortised costs.

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

2 Summary of significant accounting policies (continued)

2.10 Investments and other financial assets (continued)

2.10.4 Impairment

The Group assesses on a forward looking basis the expected credit losses ("**ECL**") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

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 assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment of other receivables are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.11 Offsetting financial instruments

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

2 Summary of significant accounting policies (continued)

2.12 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed 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 of business 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 trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

2.13 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and at banks.

2.14 Share capital

Ordinary shares are classified as equity.

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

2.15 Trade and other payables

Trade and other payables represent liabilities for goods or services that have been acquired in the ordinary course of business from suppliers and amounts to be repaid from the Group to its counterparties. These amounts are classified as current liabilities if payment is due within 12 months or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 Summary of significant accounting policies (continued)

2.16 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 to the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that part 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 pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

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

2.17 Borrowing costs

All borrowing costs are recognised in the consolidated statements of comprehensive income in the period in which they incurred.

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised as “income tax expense” in the consolidated statements of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

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

2 Summary of significant accounting policies (continued)

2.18 Current and deferred income tax (continued)

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, 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. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 Summary of significant accounting policies (continued)

2.19 Employee benefits

(a) Pension obligations

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

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

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

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

(c) Termination benefits

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

2 Summary of significant accounting policies (continued)

2.19 Employee benefits (continued)

(d) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

2.20 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2 Summary of significant accounting policies (continued)

2.21 Revenue recognition

The Group provides property management services, value-added services to non-property owners and community value-added services. Revenue is recognised when the control of services or goods is transferred to the customer. Depending on the terms of the contracts and the laws that apply to the contract, control of services and goods may be transferred over time or at a point in time. The Group distinguishes whether the Group is a principal or an agent in the transactions with its customers. When the Group is acting as a principal, the associated revenue is recognised in gross amount and when the Group is acting as an agent, the associated revenue is recognised in net amount.

For property management 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 bill and that corresponds directly with the value of performance completed. The Group primarily generate revenue from property management services income from properties managed under lump sum basis, the Group entitles to revenue at the value of property management services fee received or receivable.

Value-added services to non-property owners mainly include (i) preliminary property management services, which include cleaning, greening and repair and maintenance services and are billed on monthly basis and are recognised as revenue over time when such services are rendered; (ii) property inspection and pre-delivery cleaning services to property developers which are recognised as revenue when such services are rendered and accepted by the customer; and (iii) sales of the use rights of carpark spaces and rental of properties owned by property developers, which are recognised on a net basis when the underlying sales and rental contract are signed, respectively.

Community value-added services revenue mainly include (i) promotion and facilitation for third parties, which is recognised over time according to the services rendered; (ii) income from the provision of assistance in sales of products to third parties, which is recognised on a net basis when the products are transferred; (iii) rental income from carpark spaces leased from the Remaining Group; (iv) income from management of advertising and other miscellaneous activities in the public areas in the properties managed by the Group, which is recognised over the time when the services are rendered; (v) revenue from services provided to the property owners during leasing of their properties; and (vi) revenue from other community convenience services charged for each service provided and recognised when the relevant services are rendered.

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

2 Summary of significant accounting policies (continued)

2.21 Revenue recognition (continued)

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

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer.

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.

Incremental costs incurred to obtain a contact, if recoverable, are capitalised and presented as assets and subsequently amortised when the related revenue is recognised.

When the difference between the transfer of the promised goods or services to customer and the payment by the customer is considered significant and implied financing components contained in certain contracts, the Group adjust the transaction price for the time value of money.

2.22 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

2 Summary of significant accounting policies (continued)

2.22 Earnings per share (continued)

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.23 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.24 Leases

A lease is recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

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.

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

- 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.

2 Summary of significant accounting policies (continued)

2.24 Leases (continued)

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 can be determined, or the Group's incremental borrowing rate.

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 liability,
- 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.

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

Rental income from operating leases where the Group is a lessor is recognised 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 rental income. The respective leased assets are included in the balance sheet based on their nature.

2.25 Dividend distribution

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

2 Summary of significant accounting policies (continued)

2.26 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 the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity 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 Financial risk factors

3.1.1 Market risk

(i) Foreign exchange risk

The Group's normal operating activities are principally conducted in RMB since most of the operating entities are based in the PRC. The foreign exchange risk mainly arises from monetary assets and liabilities of certain subsidiaries denominated in foreign currencies other than their functional currencies.

The Group's foreign currency denominated monetary assets and liabilities at the respective balance sheet are as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Monetary assets		
– HK$	**78,573**	7,950
– US$	**3,431**	21
	82,004	7,971

As at 31 December 2020, if RMB had strengthened/weakened by 5% (31 December 2019: 5%) against the relevant foreign currencies with all other variables held constant, post-tax profit for the year ended 31 December 2020 and 2019 would have been approximately RMB4,100,000 and RMB399,000 lower/higher, respectively.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.1 Market risk (continued)

(ii) Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk for certain interest-bearing cash at banks. Cash at banks at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

As at 31 December 2020 and 2019, if the interest rate on cash at banks and restricted cash increased/decreased by 0.5% with all other variables held constant, the Group's post-tax profits for the year would have been RMB47,253,000 higher/lower and RMB2,552,000 higher/lower, as a result of the increase/decrease in interests derived from cash at banks at variable rates.

3.1.2 Credit risk

The Group is exposed to credit risk in relation to its trade and notes receivable, other receivables, amounts due from related parties and cash deposits at banks. The carrying amounts of trade and notes receivable, other receivables, amount due from related parties and cash deposits at banks represent the Group's maximum exposure to credit risk in relation to financial assets.

(i) Risk management

For trade and other receivables, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for doubtful debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

(ii) Impairment

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

- internal credit rating

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

(ii) Impairment (continued)

- 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 debtor's ability to meet its obligations

- actual or expected significant changes in the financial situation of individual property owner or the debtor

- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor and individual property owner.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and principal repayments are 180 days past due	Lifetime expected losses
Non-performing	Interest and principal repayments are 365 days past due	Lifetime expected losses

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

*(ii) Impairment **(continued)***

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

Cash deposits at banks

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

Trade and notes receivable

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 and notes receivable. To measure the expected credit losses, trade and notes receivable have been grouped based on shared credit risk characteristics. The expected credit losses also incorporate forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identifies money supply and change in total population in China to prior year as the most relevant factors for forward looking adjustments for individual customers, and identified total population in China and the percentage of broad money supply of gross domestic production as the most relevant factors for forward looking adjustments for both related and third party corporates customers, and accordingly adjusts the historical loss rates based on expected changes in these factors.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

***3.1.2 Credit risk** (continued)*

*(ii) Impairment **(continued)***

*Trade and notes receivable **(continued)***

As of 31 December 2020 and 2019, the loss allowance provision for the trade receivables from property owners was determined as follows. The expected credit losses below also incorporated forward looking information.

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Trade receivables from individual property owners							
At 31 December 2020							
Expected loss rate	2.7%	7.4%	15.8%	32.0%	58.0%	100.0%	
Gross carrying amount (RMB'000)	823,078	202,142	80,235	40,974	20,923	22,137	1,189,489
Loss allowance provision (RMB'000)	22,223	14,958	12,677	13,112	12,135	22,137	97,242
Trade and notes receivable (excluding trade and notes receivables from related parties)							
At 31 December 2019							
Expected loss rate	2.5%	10.0%	20.0%	50.0%	50.0%	100.0%	
Gross carrying amount (RMB'000)	929,568	228,417	113,919	56,785	33,980	35,755	1,398,424
Loss allowance provision (RMB'000)	23,453	22,842	22,784	28,392	16,990	35,755	150,216

As of 31 December 2020 and 2019, the Group used external data method to assess the ECL of receivables from related parties which are mainly property developers. The ECL rate was 0.5% and 0.1% for the trade and notes receivables from related parties. The loss allowance provision as at 31 December 2020 and 2019 was RMB11,105,000 and RMB3,548,000.

As of 31 December 2020, the Group used external data method to assess the ECL of receivables from the third party corporate customers, considering it provided more valid information to its financial information users. The ECL rate for trade and notes receivables from such third party corporate customers was 1.8%. As at 31 December 2019, the ECL of the third party corporate customers was assessed based on the aging profiles together with the ECL of individual property owners. The loss allowance provision therefore was included in the table above.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

*(ii) Impairment **(continued)***

Other receivables and amounts due from the related parties

The Group uses the expected credit loss model above to determine the expected loss provision for other receivables and amounts due from related parties. As at 31 December 2020, the Group has assessed the expected credit losses for other receivables and amount due from related parties for each category.

For amounts due from related parties, the Group expected that the credit risk associated to be low since the related parties have a strong capacity to repay the amounts in the near term. The Group has assessed the ECL rate for the amounts due from the related parties and considered it is low and thus the loss allowance is immaterial. Other receivables mainly comprise deposits which represent performance guarantees held by relevant government authorities and will be refunded according to regulations. The directors considered that there was no significant impairment risk.

To measure the expected credit losses, other receivables have been grouped based on shared credit risk characteristics and the days past due.

As at 31 December 2020 and 2019, the loss allowance provision for trade and other receivables reconciles to the opening loss allowance for that provision as follows:

	Trade and notes receivables RMB'000	Other receivables RMB'000	Total RMB'000
At 1 January 2019	111,554	11,517	123,071
Allowance for impairment losses on financial assets	42,210	6,000	48,210
At 31 December 2019	153,764	17,517	171,281
At 1 January 2020	**153,764**	**17,517**	**171,281**
(Reversal of)/allowance for impairment losses on financial assets	**(40,099)**	**4,357**	**(35,742)**
At 31 December 2020	**113,665**	**21,874**	**135,539**

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.3 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 at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2020					
Lease liabilities	**14,682**	**7,001**	**4,170**	**194**	**26,047**
Trade and other payables (excluding accrued payroll liabilities and other tax payable)	**3,547,289**	**–**	**–**	**–**	**3,547,289**
	3,561,971	**7,001**	**4,170**	**194**	**3,573,336**
At 31 December 2019					
Borrowings	3,161	–	–	–	3,161
Lease liabilities	14,209	8,061	6,756	262	29,288
Trade and other payables (excluding accrued payroll liabilities and other tax payable)	2,276,672	–	–	–	2,276,672
	2,294,042	8,061	6,756	262	2,309,121

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.

4 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on the historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstance.

(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 doubtful debt expenses in the periods in which such estimate has been changed. Details of the key assumptions and inputs used are disclosed in Note 3.1.2.

(b) Current and deferred income tax

The Group is subject to corporate income taxes in the PRC. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many 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 deferred tax provisions in the period in which such determination is made.

Deferred 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.

5 Segment information

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

During the year ended 31 December 2020, the Group is principally engaged in the provision of property management services and related value-added services in the PRC. Management reviews the operating results of the business as a single operating segment as the nature of services, the type of customers for services, the method used to provide their services and the nature of regulatory environment is same in different regions.

5 Segment information (continued)

The principal operating entities of the Group are domiciled in the PRC and majority of revenue is derived in the PRC during the years ended 31 December 2020 and 2019.

As at 31 December 2020 and 2019, majority of the non-current assets of the Group were located in the PRC.

6 Revenue

Revenue mainly comprises of proceeds from property management services and related value-added services. An analysis of the Group's revenue by category for the years ended 31 December 2020 and 2019 is as follows:

	Year ended 31 December	
	2020 **RMB'000**	2019 RMB'000
Property management services	**6,321,505**	4,612,212
Value-added services to non-property owners	**2,923,216**	2,147,527
Community value-added services	**1,264,138**	572,983
	10,508,859	7,332,722
Timing of revenue recognition		
– Over time	**9,687,545**	6,784,732
– At a point in time	**821,314**	547,990
	10,508,859	7,332,722

For the years ended 31 December 2020 and 2019, revenue provided by the Group to the Remaining Group and its joint ventures contributed 38% and 37% of the Group's revenue, respectively. Other than the Remaining Group and its joint ventures, the Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the years ended 31 December 2020.

For the years ended 31 December 2020 and 2019, community value-added services included rental income from leasing the car parking spaces of RMB375,339,000 and RMB291,808,000.

6 Revenue (continued)

(a) Contract liabilities

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

	As at 31 December	
	2020 **RMB'000**	2019 RMB'000
Contract liabilities		
– Property management services	**2,631,016**	2,239,527
– Community value-added services	**94,743**	45,749
	2,725,759	2,285,276

(ii) 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. There is no significant change in contract liabilities at 31 December 2020 as compared to 31 December 2019.

(iii) Revenue recognised in relation to contract liabilities

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

	Year ended 31 December	
	2020 **RMB'000**	2019 RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
– Property management services	**2,239,527**	2,257,496
– Community value-added services	**45,749**	24,907
	2,285,276	2,282,403

(b) Unsatisfied performance obligations

For property management services and value-added services to non-property owners, 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 or settlement cycle. 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 services contracts do not have a fixed term. The term of the contracts with non-property owners is generally set to expire when the counterparties notify the Group that the services are no longer required.

6 Revenue (continued)

(b) Unsatisfied performance obligations (continued)

For community value-added services, they are rendered in short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts.

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

During the years ended 31 December 2020 and 2019, there was no significant incremental costs to obtain a contract.

7 Other income

	Year ended 31 December	
	2020 **RMB'000**	2019 RMB'000
Government grants (Note a)	**90,203**	50,887
Income from overdue fine	**10,393**	8,110
Interest income	**45,735**	3,590
Others	**3,455**	3,963
	149,786	66,550

(a) Government grants which mainly consisted of additional input value-added tax deduction, tax refund for employment of retired soldiers and refund of paid unemployment insurance.

8 Other losses

	Year ended 31 December	
	2020 **RMB'000**	2019 RMB'000
Net foreign exchange losses	**(46,027)**	–
Losses on disposal of property and equipment	**(194)**	(194)
	(46,221)	(194)

9 Expenses by nature

Expenses included in cost of sales, administrative expenses and (reversal of)/allowance for impairment losses on financial assets are analysed as follows:

	Year ended 31 December	
	2020 **RMB'000**	2019 RMB'000
Employee benefit expenses (Note 10)	**3,861,940**	4,133,095
Greening and cleaning expenses	**1,453,054**	790,194
Maintenance costs	**672,913**	304,640
Utilities	**488,200**	393,522
Short-term and low value lease expenses	**141,782**	124,010
Tax and other levies	**94,659**	67,828
Office expenses	**88,996**	66,236
Listing expenses	**65,772**	–
Travelling and entertainment expenses	**54,931**	62,972
Costs of security	**54,343**	8,459
Depreciation and amortisation charges	**41,822**	37,971
Community activities expenses	**31,485**	24,671
(Reversal of)/allowance for impairment losses on financial assets (Note 3.1.2)	**(35,742)**	48,210
Bank charges	**18,124**	16,025
Uniform costs	**8,116**	11,853
Consultancy fees	**7,899**	4,758
Auditors' remuneration	**4,245**	274
Others	**43,808**	46,292
	7,096,347	6,141,010

10 Employee benefit expenses

	Year ended 31 December	
	2020 **RMB'000**	2019 RMB'000
Salaries, bonuses and other benefits	**3,804,661**	3,726,829
Contribution to pension scheme expenses (Note a)	**57,279**	406,266
	3,861,940	4,133,095

10 Employee benefit expenses (continued)

(a) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the prior year employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

(b) Directors' and chief executive's emoluments

The remuneration of each director for the year ended 31 December 2020 is set out below:

Name	Fees RMB'000	Salaries, bonuses and other benefits RMB'000	Contribution to pension scheme RMB'000	Total RMB'000
Executive directors				
Mr. Zhao Changlong (i)	49	2,957	–	3,006
Mr. Hu Liang	49	2,687	3	2,739
Mr. Wang Zhen	49	2,320	3	2,372
Ms. An Lihong	49	1,433	3	1,485
Non-executive directors				
Mr. Chan Chun Hung (ii)	40	–	–	40
Mr. Victor Huang (ii)	40	–	–	40
Mr. Guo Zhaohui (ii)	40	–	–	40
	316	9,397	9	9,722

10 Employee benefit expenses (continued)

(b) Directors' and chief executive's emoluments (continued)

The remuneration of each director for the year ended 31 December 2019 is set out below:

Name	Fees RMB'000	Salaries, bonuses and other benefits RMB'000	Contribution to pension scheme RMB'000	Total RMB'000
Executive directors				
Mr. Zhao Changlong (i)	–	–	–	–
Mr. Hu Liang	–	2,996	32	3,028
Mr. Wang Zhen	–	2,639	32	2,671
Ms. An Lihong	–	1,083	32	1,115
Non-executive directors				
Mr. Chan Chun Hung (ii)	–	–	–	–
Mr. Victor Huang (ii)	–	–	–	–
Mr. Guo Zhaohui (ii)	–	–	–	–
	–	6,718	96	6,814

(i) Mr. Zhao Changlong is the chairman of the director board of the Group. The emoluments of Mr. Zhao Changlong in relation to his services rendered for the Group for the year ended 31 December 2019 were borne by China Evergrande Group and not allocated to the Group as management of the Company considers there is no reasonable basis for such allocation.

(ii) Mr. Chan Chun Hung, Vincent, Mr. Victor Huang and Mr. Guo Zhaohui were appointed as the non-executive directors of the Group on 13 November 2020.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2020 and 2019 included 4 and 3 directors, respectively, whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining individuals are as follows:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Salaries, bonuses and other benefits	**1,865**	3,699
Contribution to pension scheme	**3**	64
	1,868	3,763

10 Employee benefit expenses (continued)

(c) Five highest paid individuals (continued)

The emoluments of these remaining individuals of the Group fell within the following bands:

	Year ended 31 December	
	2020 **RMB'000**	2019 RMB'000
Emolument bands		
HK$1,500,001 – HK$2,000,000	**–**	1
HK$2,000,001 – HK$2,500,000	**1**	1
	1	2

(d) Directors' retirement and termination benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries' undertaking during the years ended 31 December 2020 and 2019.

No payment was made to the directors as compensation for early termination of appointment during the years ended 31 December 2020 and 2019.

(e) Consideration provided to their parties for making available directors' services

No payment was made to any former employers of the directors for making available the services of them as a director of the Company during the years ended 31 December 2020 and 2019.

(f) 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 other loans, quasi-loans and other dealings in favour of the directors, controlled bodies corporate by and connected entities with such directors during the years ended 31 December 2020 and 2019.

(g) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Group 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 years ended 31 December 2020 and 2019.

11 Finance costs

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Interest expenses on borrowings	**146**	4,856
Interests on lease liabilities	**1,957**	1,574
Other finance costs (Note a)	**15,235**	22,453
	17,338	28,883

(a) Other finance costs represented the finance expenses contained in the one-off discount offered by the Group to the individual property owners for their advanced payments of property management fees.

12 Income tax expenses

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Current income tax	**841,993**	309,367
Deferred income tax	**9,378**	(10,706)
	851,371	298,661

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Company's subsidiaries in the BVI were incorporated under the International Business Companies Act of the BVI and accordingly, are exempted from British Virgin Island income tax.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the current period in respect of operations in Hong Kong.

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the years, based on the existing legislation, interpretations and practices in respect thereof. The statutory tax rate is 25% for the years ended 31 December 2020 and 2019. Certain subsidiaries and branches of the Group in the PRC are located in western cities, and they are subject to a preferential income tax rate of 15% during the years ended 31 December 2020 and 2019. The subsidiary and branches of the Group located in Hainan Province are qualified to enjoy the preferential income tax rate of 15% since 1 January 2020.

12 Income tax expenses (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the group entities as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Profit before income tax	**3,498,739**	1,229,185
Tax calculated at applicable corporate income tax rate of 25%	**874,685**	307,296
Tax effects of:		
– Expenses not deductible for tax purposes	**36,320**	3,314
– Effect of different tax rates applicable to certain subsidiaries and branches	**(59,634)**	(11,949)
	851,371	298,661

13 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares during the years ended 31 December 2020 and 2019. In determining the weighted average number of ordinary shares in issue during the years ended 31 December 2020 and 2019, the 10,000,000,000 shares of the Company issued during the Reorganisation was deemed to have been in issue since 1 January 2019.

The Company did not have any potential ordinary shares outstanding during the year ended 31 December 2020 and 2019. Diluted earnings per share is equal to basic earnings per share.

	Year ended 31 December	
	2020	2019
Profit attributable to owners of the Company (RMB'000)	**2,647,999**	930,232
Weighted average number of ordinary shares in issue (in thousands)	**10,064,421**	10,000,000
Basic earnings per share attributable to the owners of the Company during the period (expressed in RMB per share)	**0.26**	0.09

14 Dividends

No dividend has been declared or paid by the Company since its incorporation and up to the date of this report.

14 Dividends (continued)

Pursuant to resolutions passed by the directors of the Group's certain subsidiaries, dividends to the then shareholders of these subsidiaries of RMB362,337,000 (2019: RMB3,500,000) were declared and settled during the year ended 31 December 2020.

15 Property and equipment

	Property RMB'000	Machinery RMB'000	Vehicles RMB'000	Furniture, fitting and equipment RMB'000	Total RMB'000
As at 1 January 2019					
Cost	–	31,790	18,456	88,605	138,851
Accumulated depreciation	–	(17,771)	(5,624)	(54,358)	(77,753)
Net book amount	–	14,019	12,832	34,247	61,098
Year ended 31 December 2019					
Opening net book amount	–	14,019	12,832	34,247	61,098
Additions	2,276	3,950	1,989	8,920	17,135
Disposals	–	(11)	(27)	(242)	(280)
Depreciation charge	–	(5,880)	(3,406)	(11,472)	(20,758)
Closing net book amount	2,276	12,078	11,388	31,453	57,195
As at 31 December 2019					
Cost	2,276	35,574	19,923	94,865	152,638
Accumulated depreciation	–	(23,496)	(8,535)	(63,412)	(95,443)
Net book amount	2,276	12,078	11,388	31,453	57,195
Year ended 31 December 2020					
Opening net book amount	**2,276**	**12,078**	**11,388**	**31,453**	**57,195**
Additions	**–**	**3,874**	**1,856**	**12,217**	**17,947**
Acquisition of subsidiaries (Note 28)	**370**	**58**	**270**	**102**	**800**
Disposals	**–**	**(8)**	**(36)**	**(190)**	**(234)**
Depreciation charge	**(114)**	**(5,798)**	**(3,622)**	**(12,319)**	**(21,853)**
Closing net book amount	**2,532**	**10,204**	**9,856**	**31,263**	**53,855**
As at 31 December 2020					
Cost	**2,646**	**39,364**	**21,408**	**105,169**	**168,587**
Accumulated depreciation	**(114)**	**(29,160)**	**(11,552)**	**(73,906)**	**(114,732)**
Net book amount	**2,532**	**10,204**	**9,856**	**31,263**	**53,855**

15 Property and equipment (continued)

Depreciation expenses were charged to the following categories in the consolidated statements of comprehensive income:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Cost of sales	**16,425**	15,360
Administrative expenses	**5,428**	5,398
	21,853	20,758

(a) No property and equipment is restricted or pledged as security for liabilities as at 31 December 2020 and 2019.

16 Intangible assets

	Computer Software RMB'000	Property management contracts and customer relationship RMB'000 (Note b)	Goodwill RMB'000 (Note c)	Total RMB'000
At 1 January 2019				
Cost	1,219	–	–	–
Accumulated amortisation	(562)	–	–	–
Net book amount	657	–	–	–
Year ended 31 December 2019				
Opening net book amount	657	–	–	657
Additions	92	–	–	92
Amortisation	(316)	–	–	(316)
Closing net book amount	433	–	–	433
As at 31 December 2019				
Cost	1,311	–	–	1,311
Accumulated amortisation	(878)	–	–	(878)
Net book amount	433	–	–	433

16 Intangible assets (continued)

	Computer Software RMB'000	Property management contracts and customer relationship RMB'000 (Note b)	Goodwill RMB'000 (Note c)	Total RMB'000
Year ended 31 December 2020				
Opening net book amount	433	–	–	433
Additions	11,580	–	–	11,580
Acquisition of subsidiaries (Note 28)	–	61,823	56,619	118,442
Amortisation	(520)	(2,273)	–	(2,793)
Closing net book amount	11,493	59,550	56,619	127,662
As at 31 December 2020				
Cost	12,891	61,823	56,619	131,333
Accumulated amortisation	(1,398)	(2,273)	–	(3,671)
Net book amount	11,493	59,550	56,619	127,662

(a) Amortisation of intangible assets has been charged to the following categories in the consolidated statements of comprehensive income:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Cost of sales	2,273	–
Administrative expenses	520	316
	2,793	316

(b) No intangible asset is restricted or pledged as security for liabilities as at 31 December 2020 and 2019.

(c) Property management contracts and customer relationship and goodwill

During the year ended 31 December 2020, the Group acquired five companies (Note 28). Identified property management contracts and customer relationship of RMB61,823,000 was recognised by the Group. The excess of the consideration of acquisition and proportion of the value of the acquired identifiable net assets of RMB56,619,000 is recorded as goodwill. A valuation was performed by an independent valuer to determine the fair value of relevant intangible assets.

17 Trade and other receivables

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Trade receivables		
– Related parties (Note 29)	**1,681,773**	3,515,642
– Third parties	**1,487,093**	1,398,424
Notes receivable		
– Related parties (Note 29)	**758,465**	32,116
– Third parties	**5,390**	–
Gross trade receivables	**3,932,721**	4,946,182
Less: allowance for impairment of trade and notes receivables (Note 3.1.2)	**(113,665)**	(153,764)
	3,819,056	4,792,418
Value added tax recoverable	**10,347**	5,072
Other receivables		
– Payments on behalf of property owners (Note c)	**333,524**	423,802
– Deposits	**26,621**	24,012
– Others	**18,613**	29,012
Gross other receivables	**378,758**	476,826
Less: allowance for impairment of other receivables (Note 3.1.2)	**(21,874)**	(17,517)
	356,884	459,309
	4,186,287	5,256,799

(a) Trade receivables mainly arise from property management services income under lump sum basis and value-added service. Property management service income is received in accordance with the terms of the relevant services agreements. Value-added service income is usually due for payment upon the issuance of document of settlement.

17 Trade and other receivables (continued)

(b) As at 31 December 2020 and 2019, the aging analysis of the trade and notes receivables based on date of revenue recognition were as follows:

	As at 31 December	
	2020 **RMB'000**	2019 RMB'000
0-180 days	**2,468,718**	2,209,541
181-365 days	**1,094,667**	781,823
1 to 2 years	**204,923**	1,081,253
2 to 3 years	**80,314**	657,925
Over 3 years	**84,099**	215,640
	3,932,721	4,946,182

(c) Payments on behalf of property owners mainly represented utilities costs of properties.

(d) As at 31 December 2020 and 2019, trade and other receivables were denominated in RMB and the fair value of trade and other receivables approximate their carrying amounts.

(e) As at 31 December 2020 and 2019, the net book value of trade and other receivables (excluding value-added tax recoverable) of RMB4,175,940,000 and RMB5,251,727,000 represented the Group's maximum exposure to credit losses.

18 Prepayments

	As at 31 December	
	2020 **RMB'000**	2019 RMB'000
Prepayments to suppliers		
– Related parties (Note 29)	**4,661**	5,756
– Third parties	**7,552**	10,212
	12,213	15,968

19 Cash and cash equivalents

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Cash at bank	**12,600,696**	680,329
Cash on hand	**3,228**	4,019
	12,603,924	684,348

(a) The carrying amounts of cash and cash equivalents were denominated in the following currencies:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
RMB	**12,521,920**	676,377
HKD	**78,573**	7,950
USD	**3,431**	21
	12,603,924	684,348

(b) The conversion of RMB denominated deposits placed in banks in the PRC into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

20 Restricted cash

Restricted cash mainly represented cash deposits which were held as securities according to the requirements of local government authorities.

21 Share capital

	Number of ordinary shares	Nominal value of ordinary shares USD'000	Equivalent nominal value of ordinary shares RMB'000
Authorised:			
At 13 March 2020 (date of incorporation) (Note a)	5,000,000	50	350
Subdivision (Note b)	495,000,000	–	–
Increase of authorised share capital	99,500,000,000	9,950	69,650
At 31 December 2020	100,000,000,000	10,000	70,000
Issued:			
At 13 March 2020 (date of incorporation) (Note a)	1	–*	–*
Subdivision (Note b)	99	–*	–*
Shares issued to CEG Holdings (Note b)	9,999,900	1	7
Capitalisation issue (Note c)	9,990,000,000	999	6,519
Issue of shares in connection with the Company's listing (Note d)	810,811,000	81	534
	10,810,811,000	1,081	7,060

* Less than RMB1,000

(a) On 13 March 2020, the Company was incorporated in the Cayman Islands with an authorised share capital of USD50,000 divided into 5,000,000 ordinary shares of USD0.01 each. Upon the incorporation of the Company, one share was issued at par to its then shareholder. On 20 July 2020, the share was transferred to CEG Holdings, intermediate holding company, at a consideration of USD0.01.

(b) On 27 July 2020, each of the issued and unissued shares of USD0.01 each was subdivided into 100 shares of USD0.0001 each. Accordingly, the one issued share of the Company held by CEG Holdings was subdivided into 100 shares. On the same date, an additional 9,999,900 shares of USD0.0001 each were issued to CEG Holdings at par for cash as part of the Reorganisation.

(c) Pursuant to the written resolutions of Shareholders passed on 13 November 2020, conditional on the share premium account of the Company being credited as a result of the global offering, the Company capitalise an amount of US$999,000 standing to the credit of the share premium account by applying such sum towards the paying up in full at par a total of 9,990,000,000 shares for issue and allotment to holders of Shares whose names appear on the register of members of the Company on the date of passing such resolutions in proportion to their then existing respective shareholdings.

(d) On 2 December 2020, the Company issued 810,811,000 ordinary shares at a price of HK$8.80 per shares during the Listing on the Main Board of the Stock Exchange. Gross proceeds from the issue amounted to HK$7,135,137,000 (equivalent to RMB6,038,823,000). After deducting the underwriting fees and other capitalised listing expenses, net proceeds from the issue amounted to RMB5,951,238,000, of which, RMB534,000 was recorded as share capital and RMB5,950,704,000 was recorded as share premium (Note 22).

22 Reserves

	Share premium RMB'000	Statutory reserves RMB'000	Capital reserves RMB'000 (Note b)	Exchange reserves RMB'000	Total RMB'000
Balance at 1 January 2019	–	29,126	243,557	74	272,757
Transfer to statutory reserves (Note a)	–	62,844	–	–	62,844
Contribution from the then shareholders of the Group	–	–	37,500	–	37,500
Acquisition of subsidiaries now comprising the Group by the Remaining Group and deemed as contribution to the Group	–	–	375	–	375
Currency translation differences	–	–	–	160	160
Balance at 31 December 2019	–	91,970	281,432	234	373,636
Balance at 1 January 2020	**–**	**91,970**	**281,432**	**234**	**373,636**
Transfer to statutory reserves (Note a)	**–**	**279,804**	**–**	**–**	**279,804**
Acquisition of subsidiaries from the Remaining Group during the Reorganisation (Note b)	**–**	**–**	**(74,193)**	**–**	**(74,193)**
Capitalisation issue (Note 21 (c))	**(6,519)**	**–**	**–**	**–**	**(6,519)**
Issue of shares in connection with the Company's listing (Note 21 (d))	**6,038,289**	**–**	**–**	**–**	**6,038,289**
Costs related to the issue of shares (Note 21 (d))	**(87,585)**	**–**	**–**	**–**	**(87,585)**
Currency translation differences	**–**	**–**	**–**	**(1,142)**	**(1,142)**
Balance at 31 December 2020	**5,944,185**	**371,774**	**207,239**	**(908)**	**6,522,290**

(a) Statutory reserves

In accordance with relevant rules and regulations in the PRC and the Company's Articles of Association, companies incorporated in PRC are required to transfer no less than 10% of their profit after taxation calculated under PRC accounting standards and regulations to the statutory reserve funds, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve funds can only be used, upon approval by the relevant authority, to offset previous years' losses or to increase the capital of respective companies.

(b) Capital reserves

During the year ended 31 December 2020, the Group acquired the entire equity interests of certain subsidiaries engaged in the Spin-off Business at a cash consideration of RMB86,510,000 from the Remaining Group. The cash consideration paid to the Remaining Group and non-controlling interests as is deemed as return of investments to the Remaining Group and non-controlling interests.

23 Trade and other payables

	As at 31 December	
	2020 **RMB'000**	2019 RMB'000
Trade payables (Note a)		
– Related parties (Note 29)	**113,703**	183,616
– Third parties	**1,464,855**	578,841
	1,578,558	762,457
Notes payable		
– Related parties (Note 29)	**3,757**	530
– Third parties	**844,528**	333,335
	848,285	333,865
Accrued payroll	**389,678**	531,201
Other payables		
– Amounts temporarily received from/on behalf of property owners or leaser (Note b)	**586,707**	780,833
– Deposits	**322,528**	307,011
– Other tax payables	**189,421**	161,242
– Others	**211,211**	92,506
	1,309,867	1,341,592
	4,126,388	2,969,115

(a) As at 31 December 2020 and 2019, the ageing analysis of the trade and notes payables based on goods and services received were are follows:

	As at 31 December	
	2020 **RMB'000**	2019 RMB'000
Up to 1 year	**2,376,074**	1,066,737
1 to 2 years	**32,152**	20,429
2 to 3 years	**10,201**	8,990
More than 3 years	**8,416**	166
	2,426,843	1,096,322

23 Trade and other payables (continued)

(b) The amounts mainly represented utilities expenses temporarily collected from the property owners to be paid to related service providers and rental income collected from leases to be returned to the property owners.

(c) As at 31 December 2020 and 2019, trade and other payables were denominated in RMB and the carrying amounts of trade and other payables approximate their fair values.

24 Leases

(a) Right-of-use assets

	Properties RMB'000
As at 1 January 2019	
Cost	36,543
Accumulated depreciation	(15,132)
Net book amount	21,411
Year ended 31 December 2019	
Opening net book amount	21,411
Additions	21,330
Depreciation	(16,897)
Closing net book amount	25,844
As at 31 December 2019	
Cost	45,113
Accumulated depreciation	(19,269)
Net book amount	25,844
Year ended 31 December 2020	
Opening net book amount	**25,844**
Additions	**14,416**
Depreciation	**(17,176)**
Closing net book amount	**23,084**
As at 31 December 2020	
Cost	**59,529**
Accumulated depreciation	**(36,445)**
Net book amount	**23,084**

24 Leases (continued)

(b) Lease liabilities

	As at 31 December	
	2020 **RMB'000**	2019 RMB'000
Lease liabilities		
– Current	**13,479**	13,724
– Non-current	**10,613**	12,750
	24,092	26,474

(c) Amounts recognised in the consolidated statement of comprehensive income

	Year ended 31 December	
	2020 **RMB'000**	2019 RMB'000
Depreciation of right-of-use assets:		
– Properties	**17,176**	16,897
Interest expenses (included in finance costs)	**1,957**	1,574
Expense relating to short-term and low-value leases (included in cost of sales and administrative expenses)	**141,782**	124,010

The total cash outflow for leases during the year ended 31 December 2020 and 2019 amounted to RMB160,537,000 and RMB142,434,000, respectively.

25 Deferred income tax

The analysis of deferred tax is as follows:

	As at 31 December	
	2020 **RMB'000**	2019 RMB'000
Deferred tax assets:		
– To be recovered within 12 months	**28,169**	21,222
– To be recovered after more than 12 months	**28,733**	45,058
	56,902	66,280
Deferred tax liabilities:		
– To be recovered within 12 months	**(2,435)**	–
– To be recovered after more than 12 months	**(12,453)**	–
	(14,888)	–
	42,014	66,280

25 Deferred income tax (continued)

The movement in deferred income tax without considering the offsetting of balances within the same tax jurisdiction, is as follows:

	Deferred tax assets – allowance on doubtful debts RMB'000	Deferred tax assets – tax losses RMB'000	Deferred tax assets – others RMB'000	Deferred tax liabilities – intangible assets acquired in business combinations RMB'000	Total RMB'000
As at 1 January 2019	30,267	25,161	146	–	55,574
Credited/(charged) to the combined statements of comprehensive income	11,666	(973)	13	–	10,706
At 31 December 2019	41,933	24,188	159	–	66,280
As at 1 January 2020	**41,933**	**24,188**	**159**	**–**	**66,280**
Acquisition of subsidiaries	**–**	**–**	**–**	**(15,455)**	**(15,455)**
Credited/(charged) to the consolidated statements of comprehensive income	**(8,936)**	**(537)**	**95**	**567**	**(8,811)**
At 31 December 2020	**32,997**	**23,651**	**254**	**(14,888)**	**42,014**

According to CIT Law, a withholding income tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividends out of profits earned after 1 January 2008. A lower 5% withholding income tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty agreements between the relevant authorities of the PRC and Hong Kong.

As at 31 December 2020 and 2019, the Group has unrecognised deferred income tax liabilities arising from undistributed profits from the Group's subsidiaries in the PRC to its immediate holding company in Hong Kong. No provision has been made in respect of such withholding tax as the directors have confirmed that such profits will not be distributed in the foreseeable future. Unremitted earnings in this respect amounted to RMB3,741,549,000 and RMB1,216,309,000, respectively.

26 Cash flow information

(a) Cash generated from/(used in) operations

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Profit before income tax	**3,498,739**	1,229,185
Adjustments for:		
– Finance costs	**2,103**	6,430
– Depreciation of property and equipment (Note 15)	**21,853**	20,758
– Depreciation of right-of-use assets (Note 24(a))	**17,176**	16,897
– Amortisation of other intangible assets (Note 16)	**2,793**	316
– Losses from disposal of property and equipment	**194**	194
– (Reverse of)/allowance for impairment losses on financial assets	**(35,742)**	48,210
– Exchange losses	**336**	–
Changes in working capital:		
– Trade and other receivables	**1,115,779**	(2,160,583)
– Contract liabilities	**440,051**	(205,791)
– Trade and other payables	**1,113,028**	683,602
– Restricted cash	**(120)**	–
	6,176,190	(360,782)

(b) Net debt reconciliation

	Borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
As at 1 January 2019	150,000	21,994	171,994
Additions of leases	–	21,330	21,330
Accrued interest expenses	–	1,574	1,574
Cash flows	(147,050)	(18,424)	(165,474)
As at 31 December 2019	2,950	26,474	29,424
As at 1 January 2020	**2,950**	**26,474**	**29,424**
Additions of leases	**–**	**14,416**	**14,416**
Accrued interest expenses	**–**	**1,957**	**1,957**
Cash flows	**(2,950)**	**(18,755)**	**(21,705)**
As at 31 December 2020	**–**	**24,092**	**24,092**

27 Commitments

(a) Capital commitments

Considerations to be paid for acquisitions of subsidiaries contracted for but not yet completed at the years ended 31 December 2020 is as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Up to 1 year	**–**	–
1 to 2 years	**37,929**	–
	37,929	–

28 Business combinations

During September to November 2020, the Group acquired five property management companies at an aggregate cash consideration of RMB106,023,000. Identified property management contract and customer relationship of RMB61,823,000 is recognised as intangible assets. The excess of the consideration of acquisition and proportion of the value of the acquired identifiable net assets of RMB56,619,000 is recorded as goodwill. The directors of the Company consider that none of these subsidiaries acquired during the year was significant to the Group and thus the individual financial information of these subsidiaries on the acquisition date was not disclosed.

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

	RMB'000
Purchase consideration	
Total fair value of cash consideration	106,023
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property and equipment	800
Intangible assets – property management contracts and customer relationships	61,823
Trade and other receivables	5,602
Prepayments	161
Cash and cash equivalents	13,343
Deferred income tax liabilities	(15,455)
Contract liabilities	(432)
Trade and other payables	(4,223)
Current income tax liabilities	(1,155)
Total identifiable net assets	60,464
Less: non-controlling interests	(11,060)
Identifiable net assets attributable to the Group	49,404
Goodwill (Note 16)	56,619

28 Business combinations (continued)

(a) Net cash outflow arising on acquisition during the year ended 31 December 2020:

	RMB'000
Total cash considerations	106,023
Less: cash considerations payable as at 31 December 2020	(37,929)
Cash considerations paid in the period	68,094
Less: cash and cash equivalents in the subsidiaries acquired	(13,343)
Cash outflow in the year	54,751

29 Related party transactions

(a) Transactions with related parties

	Year ended 31 December	
	2020 **RMB'000**	2019 RMB'000
Revenue from rendering of services		
– Controlled by the Group's ultimate holding company	**3,953,738**	2,658,346
– Joint ventures of the Group's ultimate holding company	**75,987**	87,514
	4,029,725	2,745,860
Purchase of goods and services		
– Controlled by the Group's ultimate holding company	**122,130**	111,614
Leasing car parking spaces		
– Controlled by the Group's ultimate holding company	**90,083**	59,659

The transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.

(b) Guarantees from the related parties

As at 31 December 2019, the Group's bank borrowing was guaranteed by completed properties held for sale of the Remaining Group of RMB10,000,000. Guarantees from related parties were subsequently released in August 2020 upon the repayment of the borrowings.

29 Related party transactions (continued)

(c) Balances with related parties

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Trade receivables		
– Controlled by the Group's ultimate holding company	**1,625,055**	3,418,277
– Joint ventures of the Group's ultimate holding company	**56,718**	97,365
	1,681,773	3,515,642
Notes receivable		
– Controlled by the Group's ultimate holding company	**736,169**	24,900
– Joint ventures of the Group's ultimate holding company	**22,296**	7,216
	758,465	32,116
Prepayments		
– Controlled by the Group's ultimate holding company	**4,661**	5,756

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Trade payables		
– Controlled by the Group's ultimate holding company	**113,570**	176,523
– Joint ventures of the Group's ultimate holding company	**133**	7,093
	113,703	183,616
Notes payable		
– Controlled by the Group's ultimate holding company	**3,757**	530

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Amounts due from related parties (ii)		
– Controlled by the Group's ultimate holding company	**–**	1,349,686

(i) The above trade and notes receivable, prepayments and trade and notes payable are trading nature, interest-free and repayable according to terms in contracts.

(ii) Amounts due from related parties were non-trade nature, interest-free and payable on demand, and were fully settled during the year ended 31 December 2020.

29 Related party transactions (continued)

(d) Key management compensation

Compensations for key management other than those for directors as disclosed in Note 10 is set out below:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Salaries, bonuses and other benefits	**4,567**	4,545
Contribution to pension scheme expenses	**130**	120
	4,697	4,665

30 Balance sheet and reserve movement of the company

	As at 31 December 2020 RMB'000
Assets	
Non-current assets	
Interests in subsidiaries	**9,102,560**
Current assets	
Amounts due from related parties	**8,434**
Prepayments	**611**
Cash and cash equivalents	**75,642**
	84,687
Total assets	**9,187,247**
Equity	
Equity attributable to shareholders of the Company	
Share capital	**7,060**
Reserves (Note (a))	**9,233,219**
Accumulated losses	**(93,099)**
Total equity	**9,147,180**

30 Balance sheet and reserve movement of the company (continued)

	As at 31 December 2020 RMB'000
Liabilities	
Current liabilities	
Amounts due to related parties	**9,728**
Other payables	**30,339**
	40,067
Total equity and liabilities	**9,187,247**

The balance sheet of the Company was approved by the Board of Directors on 16 March 2021 and was signed on its behalf:

Zhao Changlong
Director

Hu Liang
Director

(a) Reserve movement of the Company

	Share premium RMB'000	Recapitalisation reserves RMB'000	Total RMB'000
As at 1 January 2020	–	–	–
Acquisition of the Spin-off Business during the Reorganisation	–	3,289,034	3,289,034
Capitalisation issue	(6,519)	–	(6,519)
Issue of shares in connection with the Listing	6,038,289	–	6,038,289
Costs related to the issue of shares	(87,585)	–	(87,585)
Balance at 31 December 2020	5,944,185	3,289,034	9,233,219

As at 31 December 2020, the distributable reserves of the Company amounted to RMB9,140,120,000.

31 Subsidiaries

Particulars of the principal subsidiaries of the Group as at 31 December 2020 and 2019 and as at date of this report, are set out as follows:

Name of the Subsidiaries	Date of incorporation	Registered/ issued and paid-up capital	Principal activities	Equity interest held by the Group
Directly held by the Company				
Incorporated and operating in the BVI with limited liability				
Eagle Investment	20 July 2020	USD1	Investment holding	100%
Indirectly held by the Company				
Incorporated and operating in the BVI with limited liability				
Knight Honour Global Limited	5 November 2019	USD1	Investment holding	100%
Oriental Joy	5 November 2019	USD1	Investment holding	100%
Incorporated and operating in Hong Kong with limited liability				
Success Will Group Limited	5 July 2007	HKD1,000	Investment holding	100%
Fortune Ascent	6 October 2017	HKD1	Property management services	100%
Incorporated and operating in the Mainland with limited liability				
Jinbi Property Management	10 September 1997	RMB10,000,000,000/ RMB5,971,530,000	Property management services	100%
Wuhan Jinbi Jiayuan Property Management Co., Ltd.	3 March 2006	RMB3,000,000/ RMB3,000,000	Property management services	100%
Guiyang Zhongyu Property Management Co., Ltd.	28 June 2011	RMB3,000,000/ RMB600,000	Property management services	100%
Chongqing Tongjing Property Services Co., Ltd.	29 April 2007	RMB5,000,000/ RMB5,000,000	Property management services	100%
Guiyang New Life Property Services Co., Ltd.	21 August 2007	RMB5,010,000/ RMB5,010,000	Property management services	100%

32 Subsequent event

On 29 January 2021, the Group entered into an agreement to acquire the 100% equity interests in Ningbo Yatai Hotel Property Services Co., Ltd. and its subsidiaries (collectively, "**Ningbo Yatai Group**") at cash consideration of RMB1,500,000,000.

Upon the completion of the aforesaid acquisition, Ningbo Yatai Group would become subsidiary of the Group.

Four-Year Financial Summary

Consolidated Results

	2017 RMB'000	2018 RMB'000	2019 RMB'000	**2020 RMB'000**
Revenue	4,399,356	5,903,226	7,332,722	**10,508,859**
Profit before income tax	136,942	310,292	1,229,185	**3,498,739**
Income tax expenses	(30,378)	(71,284)	(298,661)	**(851,371)**
Profit for the year	106,564	239,008	930,524	**2,647,368**
Profit attributable to:				
Shareholders of the Company	106,564	239,075	930,232	**2,647,999**
Non-controlling interests	–	(67)	292	**(631)**
	106,564	239,008	930,524	**2,647,368**
Earnings per share for the profit attributable to shareholders of the Company				
(expressed in RMB cents per share)				
Basis	N/A	N/A	0.09	**0.26**
Diluted	N/A	N/A	0.09	**0.26**

Consolidated Financial Position

	2017 RMB'000	2018 RMB'000	2019 RMB'000	**2020 RMB'000**
Non-current assets	91,128	138,740	149,752	**261,503**
Current assets	3,611,241	5,703,078	7,306,903	**16,802,646**
Current liabilities	3,141,027	5,036,741	5,669,448	**7,104,507**
Net current assets	470,214	666,337	1,637,455	**9,698,139**
Total assets less current liabilities	561,342	805,077	1,787,207	**9,959,642**
Non-current liabilities	4,704	8,304	12,750	**25,501**
Equity attributable to shareholders of the Company	556,638	796,840	1,761,607	**9,923,179**
Non-controlling interests	–	(67)	12,850	**10,962**
Total equity	556,638	796,773	1,774,457	**9,934,141**

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