Serving you a better life

服務成就美好生活

碧桂園服務控股有限公司

Country Garden Services Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

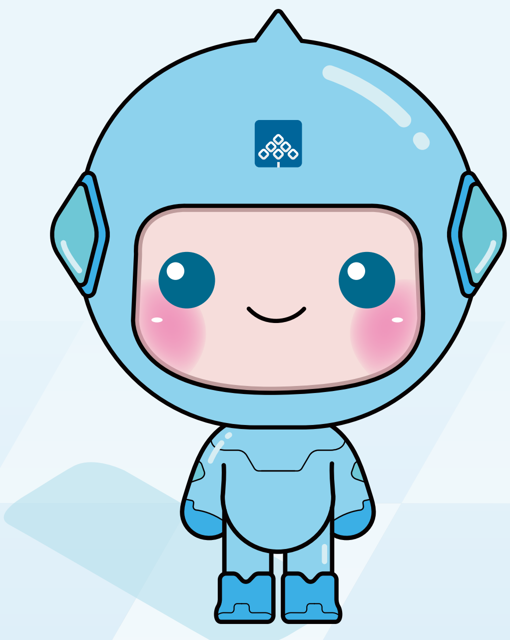
Stock Code: 6098

2021 Annual Report

Serving you a better life

服務成就美好生活

Content



CORPORATE OVERVIEW

Country Garden Services Holdings Company Limited (stock code: 6098.HK) is a leading integrated service provider in the PRC covering diversified business forms. We have won industry-leading customer satisfaction rate and gained high recognition in the industry with our outstanding service quality and service brands. We have won well-recognized awards in the industry including "Top 100 Property Management Companies in China in 2021" (2021年中國物業服務百強企業) granted by China Index Academy; "Top 1 among Listed Service Companies in China" (中國上市服務企業TOP 1) in 2021 granted by YIHAN (億翰智庫) and Jiahe Jiaye (嘉和家業); and "Leading Property Management Companies in China in terms of Value-added Service Operation in 2021" (2021中國物業增值服務運營領先企業) and "Leading Property Management Companies in China in terms of City Services in 2021" (2021中國物業城市服務領先企業) granted by Shanghai E-House Real Estate Research Institute.

Founded in 1992, the Group achieved 29 years of steady development. It always adheres to the service concepts of "Catering for property owners' urgent needs; address property owners' concerns" and "Property owner-oriented". With strong business capability and lean management, it has completed three major certifications of the British Standards Institution (BSI), being quality management system ISO, environmental management system ISO and occupational health and safety system. It has formed a comprehensive and efficient property management service system, and is committed to letting property owners experience the beauty of property services through strong offline service system and consolidation of community business resources. Furthermore, it provides full life-cycle services by focusing on preservation and appreciation of the value of owners' real estates.

Our major business sectors include: (i) property management services, (ii) community value-added services, (iii) value-added services to non-property owners, (iv) the "Three Supplies and Property Management" businesses, (v) city services, and (vi) commercial operational services, which constitute part of our comprehensive services we provide to customers that cover the full range of value chain in property management. As at 31 December 2021, apart from the "Three Supplies and Property Management" businesses, our contracted gross floor area ("GFA") was approximately 1,437.9 million sq.m., and our revenue-bearing GFA was approximately 765.7 million sq.m.. In addition, as at 31 December 2021, both of the contracted and revenue-bearing GFA of the property management services of the "Three Supplies and Property Management" businesses were approximately 85.2 million sq.m. We managed a total of 6,046 property projects covering more than 370 cities across 31 provinces, municipalities, autonomous regions and the Hong Kong Special Administrative Region in China and overseas markets, providing quality services to approximately 7.42 million property owners and commercial tenants.

Property management services — We provide property owners, residents and property developers with a series of property management services, including security, cleaning, green landscaping, gardening, repair and maintenance, and other services. We have been optimizing our property management portfolio and enriching our forms of management. Currently, our property management portfolio covers residential properties, commercial properties, office buildings, industrial parks, multi-purpose complexes, government buildings, hospitals, schools and other public facilities, such as airport terminals, highway service stations, scenic areas and other non-residential properties.

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

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

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

Commercial operational services — The Group provides shopping malls, neighborhood centers, commercial blocks, specialized markets and other projects with full-chain services such as business planning consulting, tenant sourcing, operation and planning services, mainly including (i) conducting commercial operation and management of the properties owned by leasing developers or property owners; (ii) providing property market research and positioning services at the investment stage of property developers; (iii) providing market research and positioning, business planning consulting, tenant solicitation and opening preparation services to property developers or owners at the preparation stage before the opening of the properties; and (iv) providing tenant solicitation, operation and management services to property owners or tenants at the stage of property operation.

On 19 June 2018, the Company was listed on the Stock Exchange, indicating its formal entrance into the international capital market. Since the listing, its position in the international capital market was gradually enhanced — It was included as a constituent stock of the MSCI China All Shares Index on 31 August 2018, and was included as a constituent stock of the Hang Seng Composite LargeCap & MidCap Index and in the Hong Kong Stock Connect stock list on 10 September 2018. In addition, we were included in the Hang Seng China Enterprises Index and the Hang Seng Index as a constituent stock on 15 March 2021 and 7 June 2021, respectively. For credit rating, the Company received Fitch's long-term foreign-currency issuer credit rating of investment grade BBB- with stable outlook on 20 March 2020. For ESG aspects, the Company received a rating of A in the MSCI ESG ratings assessment in November 2019 and has maintained such rating since then. It was officially included in the Hang Seng ESG50 Index as a constituent stock on 6 September 2021.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Non-executive Directors
Ms. Yang Huiyan *(Chairman)*
Mr. Yang Zhicheng
Ms. Wu Bijun

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

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

JOINT COMPANY SECRETARIES

Mr. Huang Peng
Mr. Leung Chong Shun

AUTHORISED REPRESENTATIVES

Mr. Li Changjiang
Mr. Huang Peng

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong

AUDITOR

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

LEGAL ADVISERS

As to Hong Kong laws:
Woo Kwan Lee & Lo
26/F, Jardine House, 1 Connaught Place, Central, Hong Kong

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

PRINCIPAL BANKERS

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

COMPANY WEBSITE

www.bgyfw.com

STOCK CODE

6098

LISTING DATE

19 June 2018

Major Events

"YOUWA有瓦", CG Services' rental and sales bran, was unveiled

January

In January 2021, the rental and sales brand of CG Services was fully upgraded to "YOUWA 有瓦", meaning "sharing life with you and your home". With an innovative directly-operated store + partnership store management model, YOUWA provides brokerage operation and management with management tools such as brand empowerment, training empowerment and port empowerment to provide residents with a trustworthy and guaranteed rental and purchase experience through good service attitude.

January

First urban service developers conference was held

April

In April 2021, the first Country Garden Urban Service Developers Conference with the theme of "Link Ecology to Grow Together" was held in Shunde, Foshan, at which CG Services gave its definition of city services for the first time. Being the first city service developer conference held in the industry, CG Services is reconstructing a new city service system and promoting the development of a new city service ecosystem through strategic initiatives such as "City Governance Think Tank Alliance", "City Service Ecology Alliance" and "City Service Partner Programme".

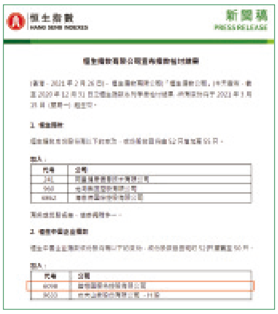
April

The Company issued the first White Paper on the Development of New Property Services in the industry and was included in the Hang Seng Index as a constituent stock

May

In May 2021, the 2021 White Paper on the Development of New Property Services in China (2021中國新物業服務發展白皮書) jointly prepared by Beijing China Property Management Research Institution Co., Ltd. (北京中物研協信息科技有限公司) and CG Services was formally issued as a present for the 40th anniversary of the property management industry in the PRC and the "Year of Brand Building" in the industry. The White Paper comprehensively analyzed the development trends of "new property services" and pointed out the path for the development, transformation and upgrade and core competitiveness building of property services. In the same month, Hang Seng Indexes Company Limited issued the quarterly review results on the Hang Seng Index Series as at 31 March 2021, and CG Services was officially included in the Hang Seng Index ("HSI") as a constituent stock with effect from 7 June 2021.

May



The Company was included in the Hang Seng China Enterprises Index

February

In February 2021, Hang Seng Indexes Company Limited issued the quarterly review results on the Hang Seng Index Series as at 31 December 2020. CG Services was officially included in the Hang Seng China Enterprises Index ("HSCEI") and became one of the 50 constituent stocks with effect from 15 March 2021, which reflected the recognition of CG Services for its industry-representative capabilities in the capital market.

February

2020 annual results presentation

March

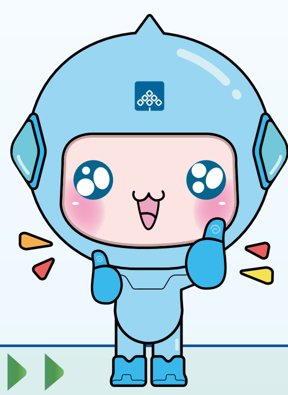
In March 2021, CG Services held its 2020 annual results presentation. Through diversified expansion channels, CG Services achieved a substantial growth in revenue and profit.

March

Justbon Services general meeting

June

On 17 June 2021, the resolution on the delisting of H shares of Sichuan Justbon Life Services Group Co., Ltd.* (四川嘉寶生活服務集團股份有限公司) (formerly known as Sichuan Languang Justbon Services Group Co, Ltd.* (四川藍光嘉寶服務集團股份有限公司)) ("**Justbon Services**", an indirect wholly-owned subsidiary of the Company), from the Stock Exchange was passed at the general meeting and H share class meeting of Justbon Services, and the delisting acceptance condition was satisfied on 15 July 2021. The listing of the H shares of Justbon Services on the Stock Exchange was voluntarily withdrawn at 4:00 p.m. on 19 August 2021.



June

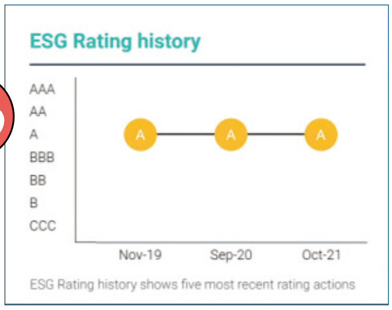
Major Events

Rescue and disaster relief in the front line of Henan floods

July

In July 2021, CG Services urgently purchased flood control and disaster relief, living and medical supplies for delivery to the disaster-stricken areas in Henan Province and assistance in the disaster relief and post-disaster reconstruction. During the flood control and disaster relief, the employees of CG Services made every effort to protect the personal and property safety of over 70,000 property owners in the flood-stricken areas in Henan Province.

July



Received ESG rating of A for three consecutive years

October

In October 2021, MSCI, the world's largest index company, gave an ESG (environmental, social and governance) rating of A to CG Services. MSCI is one of the most well-recognized investor index compilation companies in the world, and also one of the most well-recognized ESG index rating agencies. CG Services has received an ESG rating of A for three consecutive years, which is the highest rating among property management companies listed in Hong Kong and demonstrates the full recognition of the sustainable development of CG Services in the capital market.

October

Launch of four intelligent platforms with new technologies

November

In November 2021, the technology research and development centre of CG Services launched four intelligent platforms with new technologies, namely, (i) intelligent new financial management: As the first integrated business and financial management cloud platform of property management companies in the PRC, it empowers the transformation of financial management by combining financial management with business management to realize the value of business and finance; (ii) intelligent new architecture and experience: By adopting a brand-new technical architecture and program, the BOSS fee collection system meets the needs for application of SaaS services for many business forms and realizes the quick application in new projects to meet diversified business needs; (iii) intelligent new model: The administration and risk control (ARC) and management system adopted algorithms to collect fragmented system information, built a unified big data risk control and intelligent management and control platform, and established a new model of internal control management; and (iv) intelligent research of new technologies: The research and development resource management platform carries out integrated management in the entire process of research and development, operation and maintenance, which has effectively improved management efficiency and productivity.

November

"Trustbot" (聽吧), CG Services' IP image, was officially released

August

In August 2021, CG Services officially released its brand IP image, "Trustbot" (聽吧), which means "a small robot you can trust". "Trustbot" entered the community as a trustworthy, resourceful and honest service messenger and made contact with property owners in areas including visual decoration and cultural activities.

August

The first New Property Learning Ecology Conference was held

September

In September 2021, Country Garden School (碧學堂) and Cool College (酷學院), both knowledge service platforms of CG Services, jointly hosted the 2021 New Property Learning Ecology Conference with the theme of "Sharing Data and Intelligence to Start a New Wave of Property Learning", at which they shared forward-looking ideas about the property management industry with over 200 senior management officers in the industry and discussed how property management companies can build an efficient knowledge transformation and talent replication system through digital innovation and transformation and create a digital and intelligent future for the property management industry.

September

Combat against the sudden outbreak of pandemic in Xi'an and other places

December

In early December 2021, a new round of COVID-19 pandemic broke out in Xi'an. After receiving the news of an imminent "city lock-down", CG Services' property service team in Xi'an immediately launched an emergency response plan for epidemic prevention and control and a standardized epidemic prevention mechanism to ensure that following the implementation of the lock-down, there will be sufficient manpower and supplies in the communities and that appropriate and effective epidemic prevention and control measures will be taken, which has built a strong community defence line for 190,000 property owners. In addition, to ensure the normal life of people and help citizens to solve the food problem during home isolation, CG Services also purchased fruit, vegetables and daily necessities on behalf of property owners. According to statistics, in 2021, CG Services purchased daily necessities, fruit and vegetables for over 170,000 times on behalf of isolated property owners during the pandemic in Northeast China, Guangzhou, Xi'an, etc.

December

AWARDS AND HONOURS

1. Top 100 Property Management Companies in China in 2021	China Index Academy
2. Top 10 of the Top 100 Property Management Companies in China in terms of Operating Performance in 2021	China Index Academy
3. Top 10 of the Top 100 Property Management Companies in China in terms of Service Scale in 2021	China Index Academy
4. Leading New Property Service Companies in China in 2021	China Index Academy
5. Leading Property Management Companies in China in terms of Specialized Service Operation Brand in 2021 (Brand value: RMB19.6 billion)	Beijing China Index Academy
6. Top 100 Property Management Companies in China in terms of Brand Value in 2021	Shanghai E-House Real Estate Research Institute, China Real Estate Appraisal Center
7. Distinctive Property Service Brand Companies in China in 2021 (YOUWA)	Shanghai E-House Real Estate Research Institute, China Real Estate Appraisal Center
8. Top 10 Listed Property Management Companies in China in 2021	Shanghai E-House Real Estate Research Institute, China Real Estate Appraisal Center
9. Leading Listed Property Management Companies in China in 2021 — Leading Operating Performance	Shanghai E-House Real Estate Research Institute, China Real Estate Appraisal Center
10. Top 100 Property Service Companies in 2021	CRIC Property Management, Shanghai E-House Real Estate Research Institute, China Real Estate Appraisal Center
11. Top 10 City Service Companies in 2021	CRIC Property Management, Shanghai E-House Real Estate Research Institute, China Real Estate Appraisal Center

12.	Top 10 Property Management Companies in China in terms of Comprehensive Strength in 2021	Shanghai E-House Real Estate Research Institute, China Real Estate Appraisal Center
13.	Leading Property Management Companies in China in terms of Value-added Service Operation in 2021	Shanghai E-House Real Estate Research Institute, China Real Estate Appraisal Center
14.	Leading Property Management Companies in China in terms of City Services in 2021	Shanghai E-House Real Estate Research Institute, China Real Estate Appraisal Center
15.	Distinguished Property Management Projects in 2021 — Residential Project: Country Garden Guangzhou Phoenix City (Country Garden Life Services Group Co., Ltd.)	CRIC Property Management, Shanghai E-House Real Estate Research Institute
16.	Top 100 Blue Chip Property Management Companies in 2021	The Economic Observer
17.	Top 100 Blue Chip Property Management Companies Summit in 2021 — Listed Companies with Strongest Comprehensive Strength	The Economic Observer
18.	Top 100 Blue Chip Property Management Companies in 2021 — Distinguished Smart Technology Innovation Companies	The Economic Observer
19.	Top 100 Blue Chip Property Management Companies in 2021 — Distinguished Brand Value Companies	The Economic Observer
20.	Top 10 Listed Property Management Companies with Highest Long-term Investment Value in China in 2021	YIHAN, JiaHe JiaYe
21.	Top 10 Listed Property Management Companies in China in terms of Financing Capability in 2021	YIHAN, JiaHe JiaYe
22.	Top 10 Listed Property Management Companies in China in terms of Credit Rating in 2021	YIHAN, JiaHe JiaYe

To create a better society with our existence

Dear Shareholders,

The board (the "Board") of directors (the "Directors") of the Company is pleased to report that for the year ended 31 December 2021, the Group recorded revenue of approximately RMB28,843.0 million, representing an increase of 84.9% as compared to that of 2020, and gross profit of approximately RMB8,864.0 million, representing an increase of 67.3% as compared to that of 2020. The net profit for the year was approximately RMB4,349.5 million, representing an increase of 56.4% as compared to that of 2020. The profit attributable to the owners of the Company increased from approximately RMB2,686.1 million for the corresponding period in 2020 to approximately RMB4,033.4 million, representing an increase of approximately 50.2%. The basic earnings per share were RMB128.42 cents, representing an increase of approximately 31.6%. The Board recommended the payment of a final dividend for 2021 of RMB29.95 cents (the shareholders may choose to receive dividends in cash and/or in shares) (2020: RMB21.87 cents) per share, representing an increase of approximately 36.9%.

The scale and nationwide geographical coverage of our property management business have further expanded. As at 31 December 2021, apart from the "Three Supplies and Property Management" businesses, our contracted gross floor area ("GFA") was approximately 1,437.9 million sq.m., representing an increase of 617.4 million sq.m. as compared to that as at the end of 2020, and our revenue-bearing GFA was approximately 765.7 million sq.m., representing an increase of 388.4 million sq.m. as compared to that as at the end of 2020. In addition, both of the revenue-bearing and contracted GFA of the property management services of the "Three Supplies and Property Management" businesses were 85.2 million sq.m..

In 2021, we lived up to our trust and moved forward together with tens of millions of customers. We once again won well-recognised awards in the industry including "Top 100 Property Management Companies in China in 2021" (2021年中國物業服務百強企業) granted by China Index Academy, "Top 1 among Listed Service Companies in China in 2021" (2021中國上市服務企業TOP 1) granted by YIHAN (億翰智庫) and Jiahe Jiaye (嘉和家業), and

"Leading Property Management Companies in China in terms of Value-added Service Operation in 2021" (2021中國物業增值服務運營領先企業) and "Leading Property Management Companies in China in terms of City Services in 2021" (2021中國物業城市服務領先企業) granted by China Real Estate Appraisal Center of Shanghai E-House Real Estate Research Institute. Under the leadership of the Communist Party of China, CG Services actively responds to the call of the state and adheres to the service concepts of "Catering for property owners' urgent needs, addressing property owners' concerns" and "Property owner-oriented". We strengthened our sense of corporate responsibility, strictly fulfilled our corporate obligation and social responsibilities. The Group branch received the "20th National Youth Model Unit Award" jointly issued by the Central Committee of the Communist Youth League, the Supreme People's Court, the National Development and Reform Commission and the Ministry of Industry and Information Technology. Wang Shigui, one of our outstanding employees in fighting pandemic, won the "Guangdong Province May 1st Labour Medal" in 2021.

2021 was the first year of the 14th Five-Year Plan. Facing the severe and complex external environment, pandemic and other uncertainties, China made steady progress in coping with challenges. With the rapid development of the Chinese society and the rising demands of people, the property management industry in China has been given new missions and responsibilities in the new era. In order to guide and support the healthy development of the property management industry, China has successively issued a series of normative and encouraging policies. On the basis of doing a good job in our core business and for the purpose of improving quality, operation and services, we steadily carried out equity cooperation with property management companies and promoted large-scale and refined operation, which has optimized the market competition environment and improved the overall level of the industry.

Over the past 100 years, the Party has persisted in ensuring and improving people's livelihood in the course of development and led the people to win an all-round victory in the battle against poverty in 2021. We attach great importance to Party building and people's livelihood services, adhere to the guidance of Party building, and promote the deep integration of property services and grassroots social governance. We developed "red properties" in communities across China, set up Party branches in community property management companies, and forged a team of red property managers who "serve the people wholeheartedly". They strive to become pioneers and caretakers in resident services by providing property owners with services of higher standard and building communities and uniting residents with advanced service concepts.

A community is the smallest unit of a city. Property management companies play a central role in major public disasters and accidents in the communities and help protect city safety. Under the regular pandemic prevention and control in the past two years, we have formed a set of practical emergency response plans for pandemic prevention and control and a standardized pandemic prevention mechanism to ensure that sufficient service personnel and materials and effective prevention and control measures are in pace following the outbreak of pandemic. During the torrential rain floods in Henan Province, we built a flood control barrier, urgently allocated 1,140 boxes of purified water, instant noodles and other supplies for property owners and surrounding villagers, and protected over 40,000 vehicles of property owners from damage.

To meet people's desire for a better life, we helped improve people's livelihood by extending services on the basis of high-quality basic property management services. We enriched our service offerings, facilitated the upgrading of property services to higher quality and diversification, connected with over 3,000 high-quality brand owners, and comprehensively promoted the construction of a "Quarter-hour Convenient Living Circle" to truly make services convenient for and benefit the people. We expanded our service forms by going deep into the streets of cities and towns and leveraging our long-term governance capability to renovate dilapidated old communities into communities with a new appearance.

At the beginning of 2022, the General Office of the State Council issued the "14th Five-Year Plan for Construction of Urban and Rural Community Service System" (「十四五」城鄉社區服務體系建設規劃), which focuses on property services under the guidance of Party building, increasing the supply of community services, optimizing service facilities layout, developing digital community services and organizational safeguards for community services, with urban and rural community services and property organizations placed in a more prominent position. Looking forward, such policies will lead the property management industry to create a brand-new situation. In response to the call of national policies, we always adhere to the guidance of Party building, focus on strengthening internal service capabilities, extend the contents and boundary of services, actively integrate into urban construction and community development, and meet the new needs of the residents in the new era.

We provide full-cycle community life services and promote SaaS ecological cooperation to empower the common development of the industry. The service stickiness between us and property owners continued to be enhanced. With property management services as the soil and communities as the scene, we took the initiative to explore the needs of property owners and actively developed new services and built a new ecology. With the aim of improving the life quality of property owners, promoting asset appreciation and preservation and creating diversified value, we provide full-cycle community life services. We provided property management company partners with community value-added service capabilities and SaaS ecological model to provide property owners with better products and services and enable the industry to grow together. On the one hand, we provided property management company partners with our self-developed mature community value-added services such as home decoration and retail through supply chain. On the other hand, based on the SaaS ecological cooperation model, we broke through the boundary of community services and met the refined living needs of property owners via professional teams connecting services to home and creating a "Quarter-hour Downstairs" convenient service experience to help create a better life.

We strengthened professional capabilities in city service to promote the development and construction of new cities. We actively responded to the government's demand for refined city governance and digital integrated governance of public services, and promoted the development and construction of new cities. Through the establishment of city service groups, we have built a complete product system of 20 products in the three major areas of city community management services, city space operation and city municipal services. We have innovated a model of "smart red city, greater property management services" in Junliangcheng, Tianjin to set a benchmark for long-term community management services. Shunde New Energy Automobile Town is our innovative attempt to facilitate the development of high-tech city industrial clusters by providing a full-process park operation system covering consulting, business invitation and space services to fully empower enterprises. We provide over 100 cities and villages across China with high-quality municipal public services and contribute to city development together with city administrators.

We integrated commercial and office building projects and team resources in multiple channels to cultivate new capabilities and explore new regions. Early this year, we established a commercial and office building division and launched the CG Services commercial and office building operation system to operate commercial and office building service business in a vertical way. We provide high-end commercial offices, high-quality business, smart industrial parks and corporate headquarters with property management, asset management, comprehensive facility management and intelligent property management services. Through independent expansion, integration of high-quality project resources of equity cooperation enterprises, joint venture and cooperation, we have formed a cluster of benchmark projects in tier-1 and new tier-1 cities and rapidly expanded our presence in the commercial and office building service market. We fully integrated the team of talents with expertise in commercial and office buildings and focused on cultivating and incubating professional value-added corporate services to facilitate business development. We are committed to building a new flagship of industry-leading commercial and enterprise services and becoming the brand of choice for asset operation and commercial and enterprise services recognized by customers.

We continued to create a happy workplace for employees and promoted the integration of internal management system and corporate culture. We have set up a special working group of "Happy Workplace" and carried out employee care activities such as the Family Open Day and the New Employee Sharing Party, which focused on employee experience and improved their satisfaction and happiness. On 20 May 2021, we conducted the "First Employee Well-being Survey" across China among over 80,000 employees, covering 51 assessment indicators, in order to listen to and fully understand employees and promote our long-term sustainable and healthy development. For the employees of equity cooperation enterprises, we also insist on "appointing people on their merits". We fully carried out employee training programs, improved their cadre management mechanisms to enable internal flow of talents into the management system of CG Services, and quickly facilitated the team integration and culture integration with equity cooperation enterprises.

We adhere to services under the guidance of Party building and are committed to fulfilling social responsibility. With the support from the Party and the government, we combined grassroots Party building, grassroots governance and serving the people, and actively promoted the construction of pilot "red properties" across China in order to improve property services and social governance and continuously enhance people's sense of happiness and gain. In Junliangcheng, Tianjin, we introduced the operation model of "smart red city, greater property services" and worked with local Party branches and neighbourhood committees to identify and provide targeted assistance to elderly residents and residents with financial difficulties. Rural revitalization is an important part of government work. We have carried out the "Power of Community" campaign on farmer assistance through consumption for the fourth year in a row, under which we encouraged employees and property owners to make donations by purchasing Guiqi mangos from Guangxi, yellow peaches from Jinggangshan, Jiangxi, Dongxiang sheep from Gansu and citrus from Zhaoqing, Guangdong, with sales exceeding RMB10 million. It has directly helped farmers open up sales channels, increase income and get rich.

Looking forward to a new era, we aim to become a "world-leading group providing new property management services". Focusing on people's needs for architectural space, we engage in customer-oriented horizontal and vertical development, exploring new services, developing new technologies, building new ecological systems, and creating new value. With customer experience as the core driver, we will continue to promote the realization of corporate value under the double-wheel strategy of "property management services" + "value-added services".

For the "property management" wheel, we continued to achieve horizontal development and vertical deepening of basic services, and focused on developing technological capabilities.

Our management continued to be deepened. Horizontally, breakthroughs have been made in commercial and office building business and city services. In particular, the commercial and office building services manages more than 200 projects in over 80 cities across China. We accelerated the development of city services segment and have entered over 150 cities in China and improved product competitiveness through equity cooperation and city partners. Vertically, in 2021, we further strengthened presence in residential property business through equity cooperation with leading regional property management companies, increased our management density in tier-1 and tier-2 cities, and realized the extension to medium- and high-end property services.

We have enhanced the application of our technological capabilities. In 2021, we realized the pilot application of three types of intelligent cleaning robots in the building scene, namely handheld scrubber, outdoor cleaning robot, and building cleaning robot. In the future, we will continue to strengthen the research and development and application of robots, and continue to improve service efficiency.

For the "value-added services" wheel, we promoted the specialized development of value-added services and continued to incubate new businesses.

We drove the specialization of established businesses. In 2021, we continued to promote the advertising business specialization strategy by carrying out equity cooperation with a leading regional media company to strengthen regional sales capabilities and increase regional resource density. Local life business has also become a key part of our specialized development in the next stage and will continue to create "near field" advantage for us.

We continued to incubate new businesses. In 2021, we newly launched the laundry business and opened nearly 200 laundry stores in the year. In the future, we will continue to explore innovative business opportunities and further expand community life services to meet the diversified community life needs of property owners.

We will adhere to our original service intentions and embark on a new journey in the era. Finally, on behalf of the Board, I would like to express my appreciation to all staff and the management team for their consistent dedication to the Company and the property service business, and extend my heartfelt gratitude and highest respect to our colleagues who fought in the community front line of pandemic control and flood relief and who always put the safety and interests of property owners first. I would also like to express my sincere appreciation to all shareholders and stakeholders for their trust and support. In the future, we will continue to strengthen "new property services" and consolidate the cornerstone of our development, in order to always serve the people and create a better life for thousands of households through our services.

We wish to create a better society with our existence.

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

Yang Huiyan
Chairman of the Board

Foshan, China, 29 March 2022

FINANCIAL SUMMARY

Consolidated Results

	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000	**2021** **RMB'000**
Revenue	3,121,852	4,675,287	9,644,947	15,600,421	**28,843,011**
Profit before income tax	608,197	1,069,387	2,076,112	3,714,727	**5,672,839**
Income tax expense	(167,734)	(135,177)	(357,721)	(933,070)	**(1,323,386)**
Profit for the year	440,463	934,210	1,718,391	2,781,657	**4,349,453**
Profit attributable to:					
Owners of the Company	401,743	923,154	1,670,664	2,686,128	**4,033,395**
Non-controlling interests	38,720	11,056	47,727	95,529	**316,058**
	440,463	934,210	1,718,391	2,781,657	**4,349,453**
Earnings per share for profit attributable to owners of the Company (expressed in RMB cents per share)					
Basic	16.07	36.93	62.73	97.62	**128.42**
Diluted	16.07	36.53	61.67	96.32	**128.01**

Consolidated Financial Position

	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000	**2021** **RMB'000**
Non-current assets	121,569	851,088	2,044,918	7,915,834	**35,612,262**
Current assets	3,355,551	4,670,806	10,224,404	23,288,043	**31,200,496**
Current liabilities	1,920,558	3,127,144	6,427,299	14,232,797	**24,790,556**
Net current assets	1,434,993	1,543,662	3,797,105	9,055,246	**6,409,940**
Total assets less current liabilities	1,556,562	2,394,750	5,842,023	16,971,080	**42,022,202**
Non-current liabilities	14,456	65,044	162,497	812,042	**3,648,709**
Equity attributable to owners of the Company	1,421,173	2,260,787	5,373,156	14,565,740	**36,186,874**
Non-controlling interests	120,933	68,919	306,370	1,593,298	**2,186,619**
Total equity	1,542,106	2,329,706	5,679,526	16,159,038	**38,373,493**

BUSINESS REVIEW

The Group is a leading integrated service provider in the PRC covering diversified business forms. Our business covers many business forms including services to residential properties, commercial properties, office buildings, industrial parks, multi-purpose complexes, government buildings, hospitals, schools and other public facilities, such as airport terminals, highway service stations and cultural scenic areas. We have won industry-leading customer satisfaction and brand reputation with quality services, as well as gained high recognition in the industry. We have ranked among the "Top 100 Property Management Companies in China in 2021" (2021年中國物業服務百強企業) granted by China Index Academy; "Top 1 among Listed Service Companies in China" (中國上市服務企業TOP 1) in 2021 granted by YIHAN (億翰智庫) and Jiahe Jiaye (嘉和家業); and "Leading Property Management Companies in China in terms of Value-added Service Operation in 2021" (2021中國物業增值服務運營領先企業) and "Leading Property Management Companies in China in terms of City Services in 2021" (2021中國物業城市服務領先企業) granted by Shanghai E-House Real Estate Research Institute. We are highly recognized in the international capital market. We were included in the Hang Seng China Enterprises Index as a constituent on 15 March 2021, in the Hang Seng Index as a constituent on 7 June 2021, and in the Hang Seng ESG 50 Index as a constituent on 6 September 2021.

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

Property Management Services

We provide property owners, residents and property developers with a series of property management services, including security, cleaning, green landscaping, gardening, repair and maintenance, and other services. During the Year, the revenue from property management services was approximately RMB13,793.9 million, representing an increase of approximately 60.3% compared to the same period last year, and its percentage of total revenue decreased to approximately 47.8%.

The scale and nationwide geographical coverage of the property management business of the Group continued to expand. As at 31 December 2021, apart from the "Three Supplies and Property Management" businesses, our contracted GFA was approximately 1,437.9 million sq.m., and our revenue-bearing GFA was approximately 765.7 million sq.m.. In addition, both of the revenue-bearing GFA and contracted GFA of the property management services of the "Three Supplies and Property Management" businesses were 85.2 million sq.m.. Our projects cover more than 370 cities in 31 provinces, municipalities, autonomous regions in Mainland China and Hong Kong Special Administrative Region and overseas, with a focus on five key economically developed city clusters, including the Pearl River Delta, the Yangtze River Delta, the middle reaches of the Yangtze River, the Beijing-Tianjin-Hebei Region and the Chengdu-Chongqing Region in China. We manage a total of 6,046 property projects and provide property management services to approximately 7.42 million domestic and overseas property owners and merchants.

Our market development process was further accelerated. With our nationwide market network, professional market development team and expertise, our core competitiveness in brand expansion was further strengthened. We adhered to the strategy of regional focus with the development in city clusters and metropolitan areas as the core, continued to strengthen development in the five metropolitan economic circles, and further increased

our market scale in high-tier cities. During the Year, we achieved strong results in the existing market and brand expansion for non-residential properties. In tier-1 and tier-2 cities where competition is fierce, we successfully won over a hundred of property owners committee projects. For non-residential properties, we strengthened our management services and expansion ability for airport properties and successfully won the Kunming Airport project, and the number of airport projects we manage reached 16. We entered into contracts for several industrial park projects including Wuxi Industrial Park and Shenyang International Software Park, with the number of industrial park projects reaching 82.

Community Value-added Services

We are committed to becoming an "integrated whole-cycle community life services operator". By focusing on the family growth cycle of property owners, the property value cycle and the mature development cycle of communities, we strive to provide property owners with comprehensive community life services to meet their needs for asset preservation and appreciation and daily life needs, so as to enable property owners to experience the beauty of property management services. By consolidating our own resources, we have created a complete community life service ecosystem, providing property owners with high-quality, multi-level service contents to jointly build a better life. During the Year, the Group's revenue from community value-added services was approximately RMB3,327.6 million, representing an increase of approximately 92.2% compared to the same period last year. Its percentage of total revenue of the Group further increased to approximately 11.5%.

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

In particular, the revenue from community media services increased by approximately 179.1% compared to the same period last year to approximately RMB978.1 million. We continuously optimized products to build core competitiveness, built an influential community business circle, and carried out various forms of integrated marketing solutions for a number of leading enterprises in the consumer goods industry. The revenue from local life services increased by approximately 107.1% compared to the same period last year to approximately RMB1,105.3 million. Leveraging on our community resources, we introduced several high-quality merchants in key categories to create a near-field retail model which is closer to customers and has higher stickiness. In addition, with our

community service platform "Phoenix Club" (鳳凰會) and community shopping mall mini program "Bi Le Tao" (碧樂淘), we responded quickly to the demands of property owners through online ordering and offline home delivery, so that property owners can enjoy goods and services under thousands of brands without leaving home. The revenue from home decoration services increased by approximately 68.1% compared to the same period last year to approximately RMB402.7 million. We have developed the "Phoenix Home Decoration" (鳳凰置家) CRM system and further realized precision marketing and refined operation, which enabled property owners to enjoy high-quality, convenient, safe and assured one-stop home decoration and home furnishing experience. The revenue from real estate brokerage services increased by 43.7% compared to the same period last year to approximately RMB252.2 million. We upgraded our real estate brokerage business and started to build our own second-hand rental and sale brand "Youwa" (有瓦). We carried out strategic cooperation with Century Real Estate in the field of real estate brokerage. The revenue from home services increased by approximately 22.3% compared to the same period last year to approximately RMB367.9 million. Our "Phoenix Home" (鳳凰到家) services received over 97% positive feedbacks reviews online, covering 128 types of home services across eight categories including home cleaning, laundry services, house repair, home appliance cleaning, home maintenance, nanny and babysitter appointment, greening maintenance and home epidemic prevention.

Value-added Services to Non-Property Owners

During the Year, the revenue from value-added services to non-property owners was approximately RMB2,675.1 million. The value-added services we provide to non-property owners mainly include (i) management consultancy services to property developers for their pre-sale activities, as well as consultancy services for properties managed by other property management companies, (ii) cleaning services, green landscaping, repair and maintenance services to property developers at the pre-delivery stage, (iii) sales and leasing agency services of unsold parking spaces and properties, and (iv) elevator products installation and supporting services and other services.

"Three Supplies and Property Management" Businesses

The Group established a non-wholly-owned subsidiary in 2018 and began to enter the separation and transfer of property management and heat supply on "Three Supplies and Property Management" Reform. As at 31 December 2021, both of the revenue-bearing GFA and contracted GFA of the property management services of the "Three Supplies and Property Management" businesses were approximately 85.2 million sq.m., and the revenue-bearing GFA of the heat supply business was approximately 42.3 million sq.m.. During the Year, the revenue from the property management business was approximately RMB2,507.5 million, and its gross profit margin increased by 4.6 percentage points compared to the same period last year to 11.6%. The revenue from the heat supply business was approximately RMB1,221.8 million, and its gross profit margin increased by 1.8 percentage points compared to the same period last year to 10.4%.

By sticking to the two-step ("size + quality") and two-way ("services + technology") thinking, we have carried out the exploration and practice from successful takeover to normal operation, from property management to community management to serving cities, and successfully achieved the goal of "stable first year, smooth second year and solid third year". We continued to empower our partners in management, advanced their marketization process and steadily strengthened our brand influence. For market expansion, we have established independent market expansion regions of Northeast China, North China, East China, South China and Northwest China, and expanded to diversified customers including hospitals, schools, rail transport and integrated city service companies. We promoted community value-added services in the market, set up 10 business divisions, gave priority to the development of community media, group purchase and community tourism business, and carried out pilot business in real estate brokerage, domestic services and community elderly care. We accelerated the construction of an intelligent IoT platform of the intelligent operation centre, and gradually connected 10 major management systems including community video cloud monitoring, intelligent lighting control, elevator operation monitoring, fire early warning, access control management and water supply equipment monitoring.

City Services

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

During the Year, our city services recorded revenue of approximately RMB4,529.0 million, covering over 150 cities. Our city services business maintained steady growth. With a diversified business structure and a considerable size, we have formed product lines for scenarios including municipal public services, industrial parks, logistics for enterprises and public institutions and space operation. We have successively undertaken greater city property management projects, represented by the project in the Binhai New Area in Tianjin. We provide integrated municipal and sanitation services in Fuding, Fujian Province, Zhanjiang, Guangdong Province, Danzhou City and Lingao County, Hainan Province. We have set up a city services group to carry out corporate-based operation and coordinate product development, partner development, ecological construction, digital construction, market expansion and other operation management, in order to further strengthen business expansion potential and enhance the core competitiveness of our city services business.

Commercial Operational Services

The Group provides shopping malls, neighborhood centers, commercial blocks, specialized markets and other projects with full-chain services such as business planning consulting, tenant sourcing, operation and planning services, mainly including (i) conducting commercial operation and management of the properties owned by leasing developers or property owners; (ii) providing property market research and positioning services at the investment stage of property developers; (iii) providing market research and positioning, business planning consulting, tenant solicitation and opening preparation services to property developers or owners at the preparation stage before the opening of the properties; and (iv) providing tenant solicitation, operation and management services to property owners or tenants at the stage of property operation. During the Year, the Group's commercial operational services segment recorded total revenue of approximately RMB654.2 million and gross profit margin of 50.3%.

Our commercial operational services have established a diversified product line, including high-quality one-stop shopping mall "Bele city" (碧樂城), neighborhood center "Bele fun" (碧樂坊) and commercial block "Bele time" (碧樂時光). We have established presence in more than 60 cities, providing commercial operational services to over 100 projects, with over 2,000 strategic brand partners. During the Year, the Group accelerated the asset-light strategic expansion and successfully entered into contracts for a number of projects, including Chengdu Beicheng No. 8, Chengdu Hangli Plaza and Wuxi Leduhui, which further expanded the Group's asset-light management operation.

PROSPECTS AND FUTURE PLANS

Focus on five core sectors of city services and strengthen ecosystem, digital and channel construction

Relying on our years of operation experience in large property projects and advantages in the research and development of services and products, CG Services actively followed the strategy of new urbanization to meet the government's demand for refined city services, digital public services and integrated services under the 14th Five-Year Plan. We started with digital and intelligent city management services + digital community service platform, and solved the problem of "fragmented governance" for government and public services through integrated services and comprehensive solutions to support high-quality city development.

In 2021, we established a city services group to carry out corporate-based operation. Its development strategy and product system have preliminarily taken shape, and systematic measures have been taken, including systematic management and steady operation. We focus on five core sectors, being municipal, space operation, industrial parks, schools and hospitals, and have launched product systems including intelligent city-wide parking and industrial park operation services. In the future, we will strengthen channel construction, work together with city partners and ecological partners to jointly create a whole-chain and whole-industry ecosystem, and launch a more

diversified product and service system, so as to build our expertise in the area of city services and demonstrate CG Services' strategic positioning and determination as an "explorer in new types of city services".

Actively expand commercial and office building and commercial operational services to draw a diversified growth curve

We established a commercial and office building business division early this year and started to provide vertical commercial and office building operation services. We manage over 200 commercial and office building projects in more than 80 cities across China, mainly covering super high-rises, grade-A office buildings and corporate headquarters. We will further strengthen the development of commercial and office building services and strive to create a cluster of benchmark projects by relying on our existing benchmark projects to reach out surrounding projects. We will cultivate and enhance our core competitiveness in commercial and office building business, including asset management, equipment and facilities management and smart management, to support our long-term business growth. We will accelerate the team integration and experience sharing with acquired and merged enterprises to jointly build a commercial property service brand trusted by customers. We always adhere to high-quality services and standardized management, and provide whole-life cycle services including intelligent property management, facilities and equipment management and asset operation.

For commercial operational services, by adhering to our brand mission of "creating a better business life for more people", we will continue to improve our services and strive to create a full value chain covering early investment, positioning planning, design, construction and business solicitation and operation promotion in order to ensure the efficient operation of projects and enhance the potential and value of commercial assets. We will accelerate brand construction and building, and develop innovative marketing methods and means to stimulate business vitality. We will continue to strengthen asset-light management and explore the value of asset-light projects. By relying on our extensive brand resources and comprehensive commercial asset management system to build a clear and reproducible product line, we will create economies of scale and further create brand value. We will introduce commercial brands and services of higher quality to multi-tier city markets and provide a warmer and more efficient business experience.

Strive to provide diversified high-quality services, and continue to build a "Quarter-hour Convenient Living Circle"

In recent years, CG Services has been closely following national policies and residents' needs by providing full-cycle community life services, focusing on the family life cycle of property owners, the property value cycle and the mature development cycle of communities. We have launched the "Intelligent Downstairs" (智享樓下) service module, which covers basic service scenarios including property service centre, express station, real estate agency, laundry, fitness, childcare and elderly care and community canteens, and also provides diversified life services such as convenience milk station, convenience water station, convenience micro supermarket, flower ordering, used items recycling and intermediary nanny.

We will continue to develop new property services and strive to build an industry benchmark with diversified services. By building a professional team, expanding resource integration capability, collaborating with strong partners from various industries and leveraging our natural advantage as a property management service provider of close proximity to community scenarios and huge traffic, we will fully promote the professional and market-oriented development of community convenience life circle in wider areas across China in order to achieve a better life with services.

Improve the quality and efficiency of services, and accelerate the digital transformation of property management

The digital transformation of CG Services focuses on improving customer experience and driving the improvement and upgrading of services and products through the research of and insight into customer experience. We have established a customer experience research institute and built a data-driven service experience management system. With three major modules, being experience design, experience management and experience operation, the system has upgraded the experience model dominated by offline services to a digital experience model incorporating self-service, online and offline services, and realized "monitored service process, traceable request processing and real-time feedback from property owners" by digital means. Through meticulous customer experience management, property owners can feel the attentive service attitude of our staff even across the screen.

We are independently developing property management services robots and have launched three types of cleaning service robots, which can be deployed in projects such as public areas in residential properties, industrial parks, office buildings, hotels, high-speed railway stations, airports, etc. They can automatically switch to cleaning, washing and dust absorption operation units according to the scenarios, call for elevators and automatically plan routes, realizing around-the-clock automatic operation. In the future, with the continuous improvement of our product line, we will build a complete commercial service robot product matrix covering cleaning, delivery and inspection, effectively provide digital management services, and make full use of the synergies between equipment and people, so as to further bring improved quality for users and create commercial value.

As at the date of this report, the COVID-19 pandemic remains rampant in the world. Since the outbreak of the COVID-19 pandemic, the Group has recorded outstanding performance and strong growth, with steady operation and sufficient funds, which has demonstrated that the Group is more than able to cope with the impacts of the COVID-19 pandemic. The Group has taken a series of epidemic prevention measures to ensure the health and safety of our employees, customers, communities and other stakeholders. Facing the complicated domestic and international economic and political situation, the Group will continue to operate prudently, guard strictly against all kinds of risks in various business sectors, and adjust our business strategy in a timely manner to promote the sustainable development of the Group.

FINANCIAL REVIEW

Revenue

The Group's revenue is mainly derived from (i) property management services, (ii) community value-added services, (iii) value-added services to non-property owners, (iv) "Three Supplies and Property Management" businesses, (v) city services, and (vi) commercial operational services. For the year ended 31 December 2021, the total revenue increased by approximately 84.9% to approximately RMB28,843.0 million from approximately RMB15,600.4 million for the year ended 31 December 2020.

(1) Property management services

During the Year, the revenue from property management services increased by approximately 60.3% to approximately RMB13,793.9 million from approximately RMB8,606.7 million for the year ended 31 December 2020, accounting for approximately 47.8% of the total revenue (for the same period in 2020: approximately 55.2%).

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

	For the year ended/ At 31 December 2021				For the year ended/ At 31 December 2020			
	Revenue		Revenue-bearing GFA		Revenue		Revenue-bearing GFA	
	(RMB'000)	(%)	('000 sq.m.)	(%)	(RMB'000)	(%)	('000 sq.m.)	(%)
Properties developed by the CGH Group (Note 1)	**7,618,714**	**55.2**	**346,360**	**45.2**	6,194,744	72.0	274,006	72.6
Properties developed by independent third-party property developers	**6,175,139**	**44.8**	**419,383**	**54.8**	2,411,958	28.0	103,304	27.4
Total	**13,793,853**	**100.0**	**765,743**	**100.0**	8,606,702	100.0	377,310	100.0

Note 1: Properties developed by CG Holdings and its subsidiaries, joint ventures and associates independently or jointly with other parties.

The revenue-bearing GFA increased by approximately 388.4 million sq.m. from approximately 377.3 million sq.m. for the same period in 2020 to approximately 765.7 million sq.m.; among which, the revenue-bearing GFA from management of properties developed by independent third-party property developers increased by approximately 306.0%, and its percentage of the total revenue-bearing GFA increased by 27.4 percentage points from approximately 27.4% for the same period in 2020 to approximately 54.8%, mainly due to: (i) the conversion of the reserved GFA of the Group into revenue-bearing GFA during the Year; and (ii) the fast increase in the revenue-bearing GFA of the Group as a result of the acquisition of large property management companies including Justbon Services, Wealth Best Global Limited ("**Wealth Best Global**") and Link Joy Holdings Group Co., Limited ("**Link Joy Holdings**") during the Year.

(2) Community value-added services

During the Year, the revenue from community value-added services increased by approximately 92.2% to approximately RMB3,327.6 million from approximately RMB1,731.3 million for the year ended 31 December 2020, accounting for approximately 11.5% of the total revenue (for the same period in 2020: approximately 11.1%).

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

(a) During the Year, the revenue from home services increased by approximately 22.3% to approximately RMB367.9 million from approximately RMB300.9 million for the year ended 31 December 2020.

(b) During the Year, the revenue from home decoration services increased by approximately 68.1% to approximately RMB402.7 million from approximately RMB239.6 million for the year ended 31 December 2020.

(c) During the Year, the revenue from community media services increased by approximately 179.1% to approximately RMB978.1 million from approximately RMB350.4 million for the year ended 31 December 2020.

(d) During the Year, the revenue from local life services increased by approximately 107.1% to approximately RMB1,105.3 million from approximately RMB533.7 million for the year ended 31 December 2020.

(e) During the Year, the revenue from real estate brokerage services increased by approximately 43.7% to approximately RMB252.2 million from approximately RMB175.5 million for the year ended 31 December 2020.

(f) During the Year, the revenue from community area services increased by approximately 68.8% to approximately RMB221.4 million from approximately RMB131.2 million for the year ended 31 December 2020.

While continuously promoting digital transformation, the Group continued to explore community life service scenarios and launch innovative business models. For community retail business, the Group adopted the core business model of “MCN+MOC” to establish multi-channel marketing presence. MCN refers to multi-channel network, and MOC refers to member operating center. In addition, the community media business promoted the SaaS ecological cooperation model, and integrated resources to activate the offline media resources across communities and connect them to a cloud platform. While activating the resources of existing projects, we also leveraged capital to carry out investments and mergers and acquisitions in the areas of advertising and media and real estate brokerage during the Year, which helped the fast formation of professional corporate capabilities and enabled the sustainable rapid growth of the community value-added services business.

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

During the Year, the revenue from value-added services to non-property owners increased by approximately 95.3% to approximately RMB2,675.1 million from approximately RMB1,369.7 million for the year ended 31 December 2020, accounting for approximately 9.3% of the total revenue (for the same period in 2020: approximately 8.8%).

The increase in the revenue from value-added services to non-property owners was mainly due to the increase in the revenue from the agency sales for parking space and unsold properties, and that we promoted full-cycle property services of the house and expanded our pre-delivery services offering.

(4) Three Supplies and Property Management Businesses

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

Among which, the revenue from property management and other related services increased by approximately 62.8% to approximately RMB2,507.5 million from approximately RMB1,540.2 million for the year ended 31 December 2020, accounting for approximately 8.7% of the total revenue (for the same period in 2020: approximately 9.9%).

The revenue from heat supply services increased by approximately 5.4% to approximately RMB1,221.8 million from approximately RMB1,159.1 million for the year ended 31 December 2020, accounting for approximately 4.2% of the total revenue (for the same period in 2020: approximately 7.4%).

The increase in the revenue from the “Three Supplies and Property Management” businesses was mainly because we continued to promote services to property owners and optimized infrastructure construction and have established a sound management service mechanism. We also focused on providing diversified community value-added services, which made the “Three Supplies and Property Management” businesses more comprehensive, warming and thriving and improved the sense of happiness of property owners.

(5) City Services

During the Year, the revenue from city services increased from approximately RMB884.1 million for the year ended 31 December 2020 to approximately RMB4,529.0 million, representing an increase of approximately 412.3% and accounting for approximately 15.7% of total revenue (for the same period in 2020: approximately 5.7%).

The growth of revenue from city services was mainly due to the consolidation of full-year results of businesses newly added last year during the Year. By actively following the strategy of focusing on new urbanization and adhering to the city service philosophy of "Making cities better with our services", the Group put forward the service development strategy of "growing from 5-star communities to 5-star cities" and launched 5-star city manager services. We started with digital and intelligent city management services + digital community governance service platform, and solved the problem of "fragmented governance" for government and public services through integrated services and comprehensive solutions to support high-quality city development.

(6) Commercial Operational Services

During the Year, commercial operational services recorded revenue of approximately RMB654.2 million.

The Company entered into property lease and commercial management services framework agreements with CG Holdings to lease commercial properties from and provide commercial management services to CG Holdings and its subsidiaries and their 30%-controlled companies, respectively. They have improved the Group's whole value chain operation service level, generated great synergies, broadened the source of revenue, and thereby generated stable income, increased total revenue and enhanced profitability of the Group.

Costs

The Group's costs include (i) staff cost, (ii) cleaning cost, (iii) heat supply cost, (iv) maintenance cost, (v) utilities, (vi) greening and gardening cost, (vii) security expenses, (viii) cost of goods sold, (ix) transportation cost, (x) office and communication cost, (xi) taxes and surcharges, (xii) employee uniform expenses, (xiii) depreciation and amortisation charges, (xiv) community activities cost, (xv) travelling and entertainment cost, (xvi) construction costs for infrastructure under service concession arrangements, and (xvii) others. During the Year, the costs were approximately RMB19,979.0 million, representing an increase of approximately 94.0% as compared to approximately RMB10,300.7 million for the year ended 31 December 2020. The increase in costs was mainly due to the continuous expansion of the revenue-bearing GFA of the Group and business diversification, resulting in an increase of various costs, as well as the increase in construction costs for infrastructure under service concession arrangements of city service companies.

Gross Profit and Gross Profit Margin

During the Year, the overall gross profit increased by approximately RMB3,564.2 million to approximately RMB8,864.0 million from approximately RMB5,299.8 million for the year ended 31 December 2020, representing an increase of approximately 67.3%.

During the Year, the overall gross profit margin decreased by 3.3 percentage points to approximately 30.7% from approximately 34.0% for the year ended 31 December 2020, and the overall gross profit margin decreased mainly because (i) the government policy for exemption and reduction of social security contributions was cancelled during the Year; (ii) we continued to upgrade infrastructure and increased investment in intelligent upgrading of facilities; and (iii) the percentage contribution of city services, which have a relatively low gross profit margin, increased.

(i) Property management services

During the Year, the gross profit margin of property management services decreased by 4.3 percentage points to approximately 30.3% from approximately 34.6% for the year ended 31 December 2020.

The decrease in the gross profit property management services was mainly due to (i) the government policy for exemption and reduction of social security contributions was cancelled during the Year; and (ii) we continued to upgrade infrastructure, increased investment in intelligent upgrading of facilities, and promoted the development of facilities and equipment in a more advanced, complete, diversified, comprehensive and systematic direction, so as to upgrade the security and continuity for property owners to live in peace and help improve property owners' sense of high-quality services.

(ii) Community value-added services

During the Year, the gross profit margin of community value-added services decreased by 4.6 percentage points to approximately 60.5% from approximately 65.1% for the year ended 31 December 2020.

The decrease in the gross profit margin of community value-added services was mainly due to: (i) the relatively low gross profit margins of certain businesses newly added during the Year; (ii) the gradual increase in the size of the purchase and sales business which has a relatively low gross profit margin; and (iii) the decrease in the gross profit margin of the media sector as a result of fierce competition due to the COVID-19 pandemic.

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

During the Year, the gross profit margin of value-added services to non-property owners decreased by 4.6 percentage points to approximately 40.9% from approximately 45.5% for the year ended 31 December 2020.

The decrease in the gross profit margin of value-added services to non-property owners was mainly due to the cancellation of the government policy for exemption and reduction of social security contributions and the increase in labour costs during the Year.

(iv) Three Supplies and Property Management Businesses

During the Year, for the "Three Supplies and Property Management" businesses, the gross profit margin of property management and other related services increased from approximately 7.0% for the year ended 31 December 2020 to approximately 11.6%, representing an increase of 4.6 percentage points. The increase in the property management services under the "Three Supplies and Property Management" businesses was mainly due to the initial positive results of market expansion, quality management, intelligent construction and community value-added services.

During the Year, for the "Three Supplies and Property Management" businesses, the gross profit margin of heat supply services increased from approximately 8.6% for the year ended 31 December 2020 to approximately 10.4%, representing an increase of 1.8 percentage points. The increase in the gross profit margin of heat supply services under the "Three Supplies and Property Management" businesses was mainly due to the energy saving and efficiency improvement as a result of the upgrading and renovation of equipment and facilities under the separation and transfer reform.

(v) City Services

During the Year, the gross profit margin of city services decreased from approximately 32.5% for the year ended 31 December 2020 to approximately 17.6%, representing a decrease of 14.9 percentage points.

The decrease in the gross profit margin of city services was mainly due to (i) the consolidation of full-year results of businesses newly added last year during the Year, which have relatively low gross profit margins and high percentages of revenue contribution; and (ii) the cancellation of the government policy for exemption and reduction of social security contributions during the Year.

(vi) Commercial Operational Services

During the Year, the gross profit margin of commercial operational services was approximately 50.3%. On the basis of our professional property management services and the economies of scale of our existing projects, the Group gathered scattered operating units and various business forms, adopted an unified intelligent technology information platform to integrate resources and connect the links of sales, investment promotion, operation and management, in order to build a multi-party business value chain and create service offering with long-term development potential. Such business has generated strong management synergies with the existing businesses of the Group.

Selling and Marketing Expenses

During the Year, selling and marketing expenses were approximately RMB337.6 million, representing an increase of approximately 148.6% as compared with approximately RMB135.8 million for the year ended 31 December 2020.

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

General and Administrative Expenses

During the Year, general and administrative expenses were approximately RMB3,259.4 million, representing an increase of approximately 67.1% as compared with approximately RMB1,950.5 million for the year ended 31 December 2020.

The increase in general and administrative expenses was mainly due to the expansion of the Group's business scale with the increase in its total revenue-bearing GFA, and the percentage of general and administrative expenses decreased by 1.2 percentage points from 12.5% for the same period in 2020 to approximately 11.3%, mainly because the Group further innovated its organizational management model and continued to promote measures such as regional integration to reduce the percentage of general and administrative expenses.

Other Income

During the Year, other income was approximately RMB198.6 million, representing an increase of approximately 64.0% as compared with approximately RMB121.1 million for the year ended 31 December 2020. The increase in other income was mainly due to an increase in employment, individual income tax refund and other relevant government subsidies received compared to the same period last year as the Group expanded its business scale.

Other Gains — Net

During the Year, other gains — net were approximately RMB451.9 million, representing an increase of approximately RMB57.9 million as compared with approximately RMB394.0 million for the year ended 31 December 2020.

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

Finance (Costs)/Income — Net

During the Year, finance (costs)/income — net was approximately RMB-97.8 million, representing a decrease of approximately RMB141.5 million compared with approximately RMB43.7 million for the year ended 31 December 2020.

The decrease in finance (costs)/income — net was mainly due to the interest expenses on the convertible bonds issued in both periods, which are calculated at the effective interest rate using the effective interest rate method.

Income Tax Expense

During the Year, income tax expense was approximately RMB1,323.4 million, representing an increase of approximately 41.8% compared to approximately RMB933.1 million for the year ended 31 December 2020.

The increase in income tax expense was mainly due to the increase in total profit before tax of the Group for the year ended 31 December 2021.

Profit for the Year

During the Year, the net profit of the Group was approximately RMB4,349.5 million, representing an increase of approximately 56.4% compared to approximately RMB2,781.7 million for the year ended 31 December 2020.

During the Year, the profit attributable to the Shareholders of the Company increased from approximately RMB2,686.1 million for the year ended 31 December 2020 to approximately RMB4,033.4 million, representing an increase of approximately 50.2%.

During the Year, the profit attributable to the non-controlling interests of the Company increased by approximately 231.0% from approximately RMB95.5 million for the year ended 31 December 2020 to approximately RMB316.1 million.

Intangible Assets

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

As at 31 December 2021, the intangible assets of the Group were approximately RMB27,944.8 million, representing an increase of approximately RMB21,768.5 million compared to approximately RMB6,176.3 million as at 31 December 2020, which was mainly due to several equity acquisitions completed by the Group during the Year, resulting in goodwill of approximately RMB14,932.8 million, property management contracts and customer relationships of approximately RMB5,198.9 million, and brands of approximately RMB1,876.2 million. Besides, the amortization of property management contracts and customer relationships, insurance brokerage license, brands and concession intangible assets arising from the acquisitions during the Year was approximately RMB523.1 million.

Financial Assets at Fair Value through Other Comprehensive Income

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

As at 31 December 2021, the balance of financial assets at fair value through other comprehensive income of the Group was approximately RMB4,164.5 million, representing an increase of approximately RMB4,154.5 million compared to approximately RMB10.0 million as at 31 December 2020. It was mainly due to the Group made strategic investments in certain entities during the Year in order to increase the rate of return of future capital utilization and to enable the Group to achieve coordinated business development in terms of revenue, scale and corporate brand or conduct further capital cooperation with the relevant entities.

Trade and Other Receivables

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

As at 31 December 2021, the Group recorded net trade receivables of approximately RMB10,288.4 million, representing an increase of approximately RMB6,052.0 million compared to approximately RMB4,236.4 million as at 31 December 2020, mainly due to the significant increase in the total revenue of the Group and the increase in receivables arising from the new business expansion during the Year.

The net other receivables increased by approximately 581.9% from approximately RMB614.3 million as at 31 December 2020 to approximately RMB4,188.9 million as at 31 December 2021, mainly due to the fact the Group commenced the provision of equity-secured loans to third parties during the Year, as well as the increase in other receivables arising from new business expansion during the Year.

Financial Assets at Fair Value through Profit or Loss

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

As at 31 December 2021, the balance of financial assets at fair value through profit or loss of the Group amounted to approximately RMB3,656.2 million, representing an increase of approximately RMB1,090.1 million as compared with approximately RMB2,566.1 million at 31 December 2020. Such increase was mainly due to the Group's purchase of new wealth management products to increase the returns on its idle fund, as well as the increase in the fair value of investments in a closed-end fund.

Contract Liabilities

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

The contract liabilities increased from approximately RMB2,581.9 million as at 31 December 2020 to approximately RMB4,535.7 million as at 31 December 2021, representing an increase of approximately RMB1,953.8 million, mainly due to the increase in the advance payments for property management services as a result of the increase in the revenue-bearing GFA and the increase in advance payments received arising from new business expansion during the Year.

Trade and Other Payables

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

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

As at 31 December 2021, trade payables of the Group were approximately RMB4,494.4 million, representing an increase of approximately RMB2,321.3 million compared to approximately RMB2,173.1 million as at 31 December 2020, primarily due to the Group's business expansion resulting in an increase in material procurement costs, labor outsourcing costs and utility fees.

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

Other payables increased from approximately RMB3,549.3 million as at 31 December 2020 to approximately RMB6,858.7 million as at 31 December 2021, primarily due to the increase in deposits from property owners for interior decorations and the income generated from community area services that belong to property owners.

Capital Management

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

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

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

On 20 May 2020, Best Path Global Limited, a wholly-owned subsidiary of the Company, issued convertible bonds in a principal amount of HKD3,875.0 million, all of which were converted into shares during the Year. In addition, convertible bonds in the aggregate principal amount of HKD5,038.0 million were issued by Best Path Global Limited on 3 June 2021.

As at 31 December 2021, the bank and other borrowings of the Group amounted to approximately RMB1,122.5 million (as at 31 December 2020: approximately RMB609.4 million), and the balance of the convertible bonds was approximately RMB4,064.8 million.

As at 31 December 2020 and 2021, the gearing ratio of the Group was maintained at net cash position.

Liquidity, Financial and Capital Resources

As at 31 December 2021, total bank deposits and cash (including restricted bank deposits) of the Group were approximately RMB11,755.9 million, representing a decrease of approximately RMB3,585.6 million as compared with approximately RMB15,341.5 million as at 31 December 2020. Total bank deposits and cash were denominated in the following currencies:

	31 December 2021		31 December 2020	
	(RMB'000)	**(%)**	(RMB'000)	(%)
RMB	**5,741,171**	**48.8**	6,492,134	42.3
HKD	**5,962,307**	**50.7**	8,799,390	57.4
Other currencies	**52,423**	**0.5**	49,971	0.3
	11,755,901	**100.0**	15,341,495	100.0

Out of the total bank deposits and cash of the Group, restricted bank deposits of approximately RMB137.3 million (as at 31 December 2020: approximately RMB126.3 million) mainly represented the cash deposits in bank as performance security for property management services according to the requirements of the local government authorities and the deposits made as performance security for business contracts of subsidiaries Country Garden Manguo Environmental Technology Group Co., Ltd. (formerly known as Shandong Manguo Kangjie Environmental Sanitation Group Co., Ltd.) ("**Manguo Kangjie**") and Fujian Dongfei Environment Group Co., Ltd. ("**Fujian Dongfei**").

As at 31 December 2021, the net current assets of the Group were approximately RMB6,409.9 million (31 December 2020: approximately RMB9,055.2 million). The current ratio (current assets/current liabilities) of the Group was 1.3 times (31 December 2020: 1.6 times).

The Group maintains a liquidity position and has sufficient working capital to meet its funding needs for operation in the next twelve months.

Key Risk Factors and Uncertainties

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

Industry Risk

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

Business Risk

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

Foreign Exchange Risk

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

Employees and Remuneration Policies

As at 31 December 2021, the Group had 223,667 employees (31 December 2020: 153,585 employees). During the Year, the total staff costs were approximately RMB10,397.1 million.

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

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

The Group also adopted the Pre-Listing Share Option Scheme on 13 March 2018 and the Share Option Scheme on 28 September 2020. Under the Share Option Scheme adopted on 28 September 2020, the Group granted a total of 1,600,000 share options to the eligible participants during the Year, and the share options granted are subject to multiple terms. In addition, 39,884,400 Shares were issued upon exercise of the share options under the Pre-Listing Share Option Scheme, and 18,661,000 Shares were issued upon exercise of the share options under the Share Option Scheme during the Year.

Employee Training and Development

The training was carried out by combining online and offline training to meet the needs of employees in different learning scenarios. For online training, through a training map, we offered courses covering posts ranging from general employees to senior management, and met the learning needs for different time and space via mobile learning platform, video conference and other tools. For offline training, we quickly trained various talents meeting needs of the business development of the Company through various key talent training camps and the post experience map.

In 2021, the Group organized online and offline training on various subjects, with approximately 1.4 million participants and 500,000 training hours in total, including 120,000 offline training hours. Such measures ensured the general employees' ability to perform their duties and increased the management level of management cadres at all levels, thus provided timely and effective support for the Group's business development.

Charge on Assets

As at 31 December 2021, as Manguo Kangjie and Fujian Dongfei, both subsidiaries of the Company, carried out borrowing and sale and leaseback financing loan business with banks and financial leasing companies to meet the operational needs of certain city service projects, they had mainly secured by several city service projects, certain equipment and trade receivables. In addition, Country Garden Life Services Group Co., Ltd. (碧桂園生活服務集團股份有限公司), a subsidiary of the Company, made borrowings from banks to finance mergers and acquisitions, with its 20.495% equity interest in Manguo Kangjie as security.

Contingent Liabilities

As at 31 December 2021, the Group did not have any material contingent liabilities.

Material Acquisitions, Disposal and Significant Investments

Acquisition and Privatisation of Justbon Services

On 22 March 2021 (after trading hours), CG Property Services HK, Sichuan Languang Hejun Industries Co., Ltd.* (四川藍光和駿實業有限公司), Ningbo Jiaqian Corporate Management Partnership (Limited Partnership)* (寧波嘉乾企業管理合夥企業(有限合夥)) and Chengdu Jiayu Enterprise Management Center (Limited Partnership)* (成都嘉裕企業管理中心(有限合夥)) entered into certain agreements in relation to the acquisition of a total of 750,000 domestic shares and 126,011,860 H shares in Justbon Services at an aggregate cash consideration of RMB5,432,323,192.00 (equivalent to HK$6,472,059,560.39), as amended by a supplemental agreement dated 9 April 2021.

Upon completion of the acquisition in April 2021, the Offeror made unconditional mandatory cash offers for all the issued H shares and domestic shares of Justbon Services (other than those then already owned by or agreed to be acquired by the Offeror and parties acting in concert with it at the time when the offers were made) at the enhanced share offer price at HK$54.3 per H share and RMB45.5768 per domestic share (the "**Offers**") pursuant to the Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong.

Immediately after the close of the Offers on 12 August 2021, the Offeror and parties acting in concert with it were interested in 176,467,798 H shares of Justbon Services (representing approximately 99.71% and 99.08% of the then issued H shares and issued shares of Justbon Services respectively) and 1,116,800 domestic shares of Justbon Services (representing approximately 99.75% and 0.63% of the then issued domestic shares and issued shares of Justbon Services respectively).

The resolution for approving the delisting of H shares of Justbon Services from the Stock Exchange was passed in the general meeting and the H share class meeting of Justbon Services held on 17 June 2021, and the delisting acceptance condition was satisfied on 15 July 2021. Listing of the H shares of Justbon Services on the Stock Exchange was voluntarily withdrawn at 4:00 p.m. on 19 August 2021.

Please refer to (i) the announcements of the Company dated 25 February 2021, 11 March 2021, 22 March 2021, 12 April 2021, 13 April 2021, 15 April 2021, 16 April 2021, 19 April 2021, 30 April 2021, 3 May 2021, 18 May 2021, 17 June 2021, 2 July 2021, 15 July 2021 and 12 August 2021; and (ii) the composite document dated 3 May 2021 for further details.

Acquisition of Entire Equity Interest in Wealth Best Global

On 20 September 2021 (after trading hours), CG Property Services HK entered into an equity transfer agreement with R&F Property Services Group Company Limited ("**R&F Property**") in relation to the acquisition of 100% equity interest in Wealth Best Global. As at the date of this report, CG Property Services HK has paid cash consideration of RMB5 billion (which may be reduced as a result of the failure to meet certain conditions). CG Property Services HK conditionally agreed to pay up to RMB2 billion for the security for the long-term continuity and stability of the scale of the value-added services to non-property owners between the related parties of R&F Property and Wealth Best Global, and to pay up to RMB3 billion for the future areas under management of 66 million sq.m., which are subject to further negotiation. R&F Property (holding and through Wealth Best Global and its subsidiaries) is a comprehensive property management service provider, offering a wide range of property management services and commercial operational services in the PRC.

On 11 October 2021 (after trading hours), CG Property Services HK, R&F Property and other parties to the equity transfer agreement entered into a supplemental agreement in relation to the payment arrangement for the consideration. Please refer to the announcements of the Company dated 20 September 2021 and 12 October 2021 for further details. CG Property Services HK has obtained control over Wealth Best Global and its subsidiaries in October 2021, and completion of the equity transfer and post-investment management in respect of the acquisition are underway smoothly.

Acquisition of Entire Equity Interest in Link Joy Holdings

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

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

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

On 28 March 2022 (after trading hours), the parties to the equity transfer agreement entered into a supplemental agreement in relation to, among others, amendments to the conditions and arrangements for the payment of consideration and the repayment of the Loan.

As at the date of this report, CG Property Services HK has paid the first and second instalments of consideration in the amount of RMB2.3 billion and RMB700 million to Colour Life Services.

Currently, the post-investment management in respect of the acquisition is progressing smoothly. The Company will further announce the updates on the acquisition in accordance with the Listing Rules in due course.

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

During the year ended 31 December 2021, save for those disclosed in this section and in the section headed "**Connected Transactions and Continuing Connected Transactions**" below, the Group had no other material acquisitions or disposals. During the year ended 31 December 2021, the Group had made no individually significant investments.

Ms. Yang Huiyan (楊惠妍), aged 40, was appointed as a Non-executive Director and the chairman of the Board on 9 March 2018 and is responsible for the formulation and provision of guidance and development strategies for the overall development of the Group. Ms. Yang is also the chairman of the nomination committee and a member of the remuneration committee of the Company. Ms. Yang is a controlling shareholder of the Company indirectly holding the shares of the Company through Concrete Win and Fortune Warrior (both of which are beneficially wholly-owned by Ms. Yang with Ms. Yang as a director).

Ms. Yang joined CGH in March 2005 as a general manager of the procurement department, where she was responsible for overall procurement decision making until November 2006. Ms. Yang was appointed as an executive director of CGH in December 2006 and a vice chairman of CGH in March 2012 and was re-designated from a vice chairman to a co-chairman of CGH in December 2018. She is mainly responsible for assisting Mr. Yeung Kwok Keung, the chairman of CGH, in the day-to-day work of the CGH Group, and responsible for the CGH Group's strategic investments and new business exploration based on the existing business, such as new retail business. Ms. Yang is also a member of the corporate governance committee, the environmental, social and governance committee, the executive committee and the finance committee of CGH and a director of various members of the CGH Group.

Ms. Yang was appointed as a director of the board and the chairman of Bright Scholar (the shares of which are listed on the New York Stock Exchange (stock code: BEDU)) in December 2016.

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

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

Ms. Yang is a cousin of Mr. Yang Zhicheng, a Non-executive Director.

Mr. Yang Zhicheng (楊志成), aged 48, was appointed as a Non-executive Director on 9 March 2018 and is responsible for the provision of guidance for the overall development of the Group.

From 1992 to 1997, Mr. Yang served as a project manager at Shunde Sanhe Property Development Company Limited* (順德市三和物業發展有限公司), the predecessor of Shunbi Property, where he was responsible for property project management and public relations. Since 1997, Mr. Yang has served as a project general manager at the CGH Group, where he is responsible for the overall management of several property development projects. He has been an executive director, the president of Jiangzhong region and the vice president of CGH since December 2006, January 2010 and November 2017 respectively, and is mainly responsible for the overall development and management of certain property development projects of the CGH Group.

Mr. Yang graduated from Cheung Kong Graduate School of Business (長江商學院) in September 2013, where he obtained a degree of executive master in business administration.

Mr. Yang is a cousin of Ms. Yang Huiyan, a controlling shareholder, a Non-executive Director and the chairman of the Board.

Ms. Wu Bijun (伍碧君), aged 48, was appointed as a Non-executive Director on 9 March 2018 and is responsible for the provision of guidance for the overall development of the Group.

From 1996 to 1998, Ms. Wu worked at Hubei Branch of China Construction Bank Corporation* (中國建設銀行股份有限公司湖北省分行) and was responsible for accounting and auditing management. From 1999 to 2002, Ms. Wu was the chief auditor of Foshan Zhixin Certified Public Accountants Co., Limited* (佛山市智信會計師事務所有限公司) and was responsible for reviewing all the auditor's reports. From 2002 to 2005, she worked at Foshan Shunde Finance and Taxation Bureau* (佛山市順德區財税局) and was responsible for the financial management of foreign-invested enterprises. Ms. Wu joined the CGH Group in November 2005 and served as the general manager of the finance and fund department until May 2013 and the assistant of the president from September 2011 to April 2014. She has been serving as the general manager of the finance and fund centre, the vice president and the chief financial officer of CGH since May 2013, April 2014 and April 2017 respectively. Ms. Wu is mainly responsible for the financial management of the CGH Group.

Ms. Wu graduated from the School of Public Finance and Taxation of Zhongnan University of Finance and Economics (中南財經大學) (currently known as Zhongnan University of Economics and Law (中南財經政法大學)) with a bachelor's degree of economics majoring in public finance in 1995, and obtained a degree of executive master in business administration (EMBA) from China Europe International Business School (中歐國際工商學院) in 2015. She is qualified as a Chinese certified public accountant (中國註冊會計師) and a Chinese certified tax agent (中國註冊税務師).

Mr. Li Changjiang (李長江), aged 56, was appointed as an Executive Director on 9 March 2018 and has been the president of CG Life Services since he joined the Group in December 2011. Mr. Li is primarily responsible for the overall strategic decision-making, business planning and major operational decision-making of the Group. Mr. Li is also the chairman of the environmental, social and governance committee of the Company.

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

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

Mr. Xiao Hua (肖華), aged 44, was appointed as an Executive Director on 9 March 2018 and has been the vice president of CG Life Services since February 2013. Mr. Xiao is primarily responsible for the overall management of value-added services to non-property owners. Mr. Xiao is also a member of the environmental, social and governance committee of the Company.

From April 2002 to April 2009, Mr. Xiao worked at the Group as an assistant manager, a deputy manager and a manager at Chencun branch office in Guangdong, where he was mainly responsible for the security management and providing assistance to day-to-day operation of the branch office, and a deputy manager, a manager and a senior manager at Huabi branch office in Guangdong, where he was mainly responsible for the day-to-day operation and management of the branch office. From April 2009 to December 2009, Mr. Xiao was promoted to regional director at Changsha branch office and in January 2010, to regional director of Zengcheng branch office, where he was primarily responsible for the overall operation, management and brand development of property management services until February 2013.

Mr. Guo Zhanjun (郭戰軍), aged 42, was appointed as an Executive Director on 9 March 2018 and has been the vice president of CG Life Services since he joined the Group in August 2017. Mr. Guo is primarily responsible for overall management of human resources of the Group. Mr. Guo is also a member of the environmental, social and governance committee of the Company.

Prior to joining the Group, from July 2002 to September 2010, Mr. Guo held various positions including human resource supervisor at Zhengzhou Yutong Bus Company Limited* (鄭州宇通客車股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600066), manager, senior manager and head of the human resources department at GD Midea Air-Conditioning Equipment Co., Ltd* (廣東美的製冷設備有限公司) and human resources director at AUX Group Co., Ltd.* (奧克斯集團有限公司), a company mainly engaged in the manufacturing and sales of electrical equipment and home appliances. From August 2011 to March 2013, Mr. Guo was the head of the human resources department in the concrete business unit of Zoomlion Heavy Industry Science and Technology Co., Ltd. (中聯重科股份有限公司) (formerly known as Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd. (長沙中聯重工科技發展股份有限公司)), a company listed on the Shenzhen Stock Exchange (stock code: 000157) and the Main Board of the Stock Exchange (stock code: 1157). Mr. Guo joined the CGH Group as a deputy general manager of the training and development department in July 2013 and was promoted to human resources director of Jiangzhong region in April 2014 and general manager of the recruiting department in January 2016, where he was mainly responsible for human resources planning and management. From June 2016 to February 2017, he left the CGH Group and joined the Beijing branch office of Thaihot Group Co., Ltd.* (泰禾集團股份有限公司北京分公司), a company listed on the Shenzhen Stock Exchange (stock code: 000732), as a deputy general manager of the human resources department and human resources director of the Beijing region.

Mr. Guo returned to the CGH Group as the assistant general manager of the human resources management centre in February 2017 and was responsible for human resources planning and management until June 2017. From 17 June 2021, he is also a non-executive director of Justbon Services, a company whose shares were listed on the Stock Exchange (stock code: 2606) until it was delisted in August 2021.

Mr. Guo graduated from Renmin University of China (中國人民大學) in the PRC in July 2002, where he obtained a bachelor degree in environmental economic and resource management.

Mr. Mei Wenjue (梅文珏), aged 52, was appointed as an Independent Non-executive Director on 25 May 2018 and is responsible for providing independent advice to the Board. Mr. Mei is also a member of the audit committee and the remuneration committee of the Company.

Mr. Mei has served as director at Guangzhou Ruizhi Car Rental Company Limited* (廣州瑞致租車有限公司) (a company primarily engaged in car rental business) since May 2016, where he is responsible for the company strategy planning and he also oversees the overall operations. From 1994 to September 2008, Mr. Mei worked at China Southern Airlines Company Limited (中國南方航空股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600029), the New York Stock Exchange (stock code: ZNH) and the Main Board of the Stock Exchange (stock code: 1055). From September 2008 to October 2014, he served as the chief representative at the Shenzhen Office of China Europe International Business School (中歐國際工商學院). Mr. Mei served as an independent non-executive director of the board at Miko International Holdings Limited (米格國際控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1247), from December 2013 to March 2016 and at CGH from May 2013 to March 2018. From November 2014 to December 2020, Mr. Mei also served as the general manager at Guangzhou Ruizhi Car Rental Company Limited* (廣州瑞致租車有限公司).

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

Mr. Rui Meng (芮萌), aged 54, was appointed as an Independent Non-executive Director on 25 May 2018 and is responsible for providing independent advice to the Board. Mr. Rui is also the chairman of the audit committee and a member of the nomination committee of the Company.

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

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

Mr. Rui was an independent director of the board at Midea Group Co., Ltd.* (美的集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000333), from August 2015 to September 2018, an independent director of the board at Winner Technology Co., Inc.* (匯納科技股份有限公司) (formerly known as Shanghai Winner Information Technology Co., Inc.* (上海匯納信息科技股份有限公司)), a company listed on the Shenzhen Stock Exchange (stock code: 300609), from November 2014 to May 2020 and an independent director of the board at COSCO Shipping Energy Transportation Co., Ltd.* (中遠海運能源運輸股份有限公司), a company listed on both the Main Board of the Stock Exchange (stock code: 1138) and the Shanghai Stock Exchange (stock code: 600026), from June 2015 to June 2021. From 17 June 2021, he is also an independent non-executive director of Justbon Services, a company whose shares were listed on the Main Board of the Stock Exchange (stock code: 2606) and were withdrawn from listing in August 2021. He currently serves as an independent director of the board at Shang Gong Group Co., Ltd.* (上工申貝(集團)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600843), an independent non-executive director of the board at China Education Group Holdings Limited (中國教育集團控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 0839), an independent non-executive director of the board of Landsea Green Properties Co., Ltd. (朗詩綠色地產有限公司) (formerly known as Landsea Green Group Co., Ltd (朗詩綠色集團有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 106), an independent non-executive director of the board at Dexin Services Group Limited (德信服務集團有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 2215), an independent director of the board at Shanghai Hydee Software Corp., Ltd. (上海海典軟件股份有限公司), a company listed on the National Equities Exchange and Quotations (stock code: 831317) and an independent non-executive director of JIAYIN GROUP INC., a company listed on the Nasdaq Stock Exchange (stock code: JFIN).

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

Mr. Chen Weiru (陳威如), aged 51, was appointed as an Independent Non-executive Director on 25 May 2018 and is responsible for providing independent advice to the Board. Mr. Chen is also the chairman of the remuneration committee and a member of the audit committee and the nomination committee of the Company.

Mr. Chen was an assistant professor of strategy at the Asia Campus of INSEAD (歐洲工商管理學院) from September 2003 to 2011 and an associate professor of strategy at China Europe International Business School (中歐國際工商學院) from July 2011 to August 2017. Mr. Chen served as the chief strategy officer at Zhejiang Cainiao Supply Chain Management Company Limited* (浙江菜鳥供應鏈管理有限公司) (a company primarily engaged in smart logistics platform) from August 2017 to January 2019. He was the director of Industry Internet Center of Alibaba Business School from February 2019 to July 2020. He has been an associate professor of strategy at China Europe International Business School (中歐國際工商學院) since August 2020.

He was an independent director of the board at CG Life Services from May 2016 to January 2018 and an independent director of TAI-SAW TECHNOLOGY CO., LTD., a company listed on the Taiwan Stock Exchange (company code: 3221) from April 2017 to May 2019.

Mr. Chen currently serves as an independent director of the board at TAL Education Group (好未來教育集團), a company listed on the New York Stock Exchange (stock code: TAL), an independent director of the board at Dian Diagnostics Group Co., Ltd.* (迪安診斷技術集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300244), an independent non-executive director of Fangdd Network Group Ltd. (房多多網絡集團有限公司), a company listed on the Nasdaq (stock code: DUO), an independent director of the board at Jack Technology Co., Ltd. (傑克科技股份有限公司), formerly known as Jack Sewing Machine Co., Ltd. (傑克縫紉機股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603337), an independent director of WPG Holdings Limited (大聯大投資控股股份有限公司), a company listed on the Taiwan Stock Exchange (company code: 3702) and an independent non-executive director of Blue City Holdings Limited (藍城兄弟控股有限公司), a company listed on the Nasdaq (stock code: BLCT).

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

Mr. Gong Shunsong (龔順松), aged 43, was appointed as the Chief Operating Officer in January 2018 and is primarily responsible for overall management, operations and business development.

Prior to joining the Group, from May 2003 to January 2018, he served in positions in various logistics companies including logistics manager at Flextronics Logistics (Zhuhai) Company Limited* (偉創力物流(珠海)有限公司), where he was responsible for overseeing logistic systems and VMI operation supporting, business director at Shenzhen Ourate Supply Chain Management Company Limited (深圳歐瑞特供應鏈管理有限公司) (formerly known as Shenzhen Arvato Logistics Services Company Limited* (深圳歐唯特物流服務有限公司)), where he was responsible for management of the overall business operations, and logistics director and vice president of e-commerce and logistics supply chain business division at SF Holding Co., Ltd.* (順豐控股股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002352), where he was responsible for operations management until he joined the Group in January 2018.

Mr. Gong obtained a diploma in computer science from Jiujiang College Xundong Campus (九江學院潯東校區) (formerly known as Jiujiang Normal College (九江師範高等專科學校)) in the PRC in June 2000. He graduated from Royal Roads University in Canada in November 2006, where he obtained a master degree of business administration in executive management.

Mr. Xu Binhuai (徐彬淮), aged 43, was appointed as the Chief Strategy Officer in October 2016 and is primarily responsible for business innovation strategic planning, operation management, digital management and community life service business operation.

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

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

Mr. Huang Peng (黃鵬), aged 38, was appointed as the Chief Financial Officer in September 2016 and is primarily responsible for financial management, strategic investment management, operation management, compliance and company secretarial matters of our Group.

Prior to joining the Group, from April 2006 to September 2009, Mr. Huang served as listing office manager and manager of securities department in Vtron Group Co., Ltd.* (威創集團股份有限公司) (formerly known as Guangdong Vtron Video Technologies Company Limited* (廣東威創視訊科技股份有限公司)), a company listed on the Shenzhen Stock Exchange (stock code: 002308), where he was responsible for investor relations and investment management. From October 2009 to December 2015, he served in various positions including as the head of finance, secretary of the board and deputy general manager in Pony Test Group Company Limited* (譜尼測試集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300887), where he was responsible for financial management and board secretarial matters. Mr. Huang served as an independent director of the board at Beijing Arrays Medical Imaging Corporation* (北京鋭視康科技發展有限公司), a company engaged in production and sales of medical imaging equipment, from December 2015 to December 2016. He was also an executive director at Guangzhou Yanzhao Enterprise Management Company Limited* (廣州炎昭企業管理有限公司), a company mainly engaged in business management advisory services, from January 2016 to October 2016, and an executive director at Guangdong Huishi Network Medical Investment Company Limited* (廣東惠視網絡醫療投資有限公司), a company mainly engaged in investment advisory services and hospital management, from July 2016 to November 2016.

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

Mr. Yuan Hongkai (袁鴻凱), aged 43, was appointed as the Chief Information Officer in February 2017 and is primarily responsible for informatization solutions and intelligent technology management. Mr. Yuan joined CG Life Services as information management consultant in June 2016.

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

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

Mr. Li Ka Lun (李家麟), aged 34, was appointed as a Vice President in July 2019. He is primarily responsible for the Company's various financing, investment, mergers, acquisitions and internal governance matters. Mr. Li joined the Group in August 2018 as a finance manager.

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

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

Mr. Leung Chong Shun (梁創順), aged 56, was appointed as a Joint Company Secretary on 9 March 2018. He has been a partner of Woo Kwan Lee & Lo (胡關李羅律師行), a law firm based in Hong Kong, since 1997.

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

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

Note: In August 2021, Mr. Yu Xiangdong, a senior officer, resigned as a senior officer of the Company due to personal career development. Following the resignation, Mr. Yu no longer holds any position in the Group.

CORPORATE GOVERNANCE REPORT

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

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

Compliance with the Model Code for Securities Transactions by Directors

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

The Company has made specific enquiry to all Directors on whether the Directors have complied with the required standard as set out in the Model Code during the year ended 31 December 2021 and all Directors have confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the year. No incident of non-compliance was found by the Company during the Year. Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

Board of Directors

Roles and Functions of the Board and Management

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

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

The Board assumes responsibility for leadership, supervision and control of the Company and the members of the Board are collectively responsible for directing and supervising the Company's affairs. The Board is fully responsible for the formulation of business policies and strategies in relation to the business operation of the Group, including dividend policy and risk management strategies. The management is delegated with the authority and responsibilities by the Board for the day-to-day management and operation of the Group.

Board Composition

As at 31 December 2021, the Board comprised nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors.

During the Year, the Board comprised the following Directors:

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

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

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

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

Independent Non-Executive Directors

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

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

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

Directors' Continuing Professional Development

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

Pursuant to Code A.6.5 of the Corporate Governance Code (as effective during the Year), Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. According to the records maintained by the Company, during the Year, all the current Directors, being Ms. Yang Huiyan, Mr. Li Changjiang, Mr. Xiao Hua, Mr. Guo Zhanjun, Mr. Yang Zhicheng, Ms. Wu Bijun, Mr. Mei Wenjue, Mr. Rui Meng and Mr. Chen Weiru, had participated in appropriate continuous professional development activities by ways of attending training sessions, reading articles, newspapers, journals and/or updates relevant to the Company's business or to the Directors' duties and responsibilities and complied with the provisions of Code A.6.5 of the Corporate Governance Code (as effective during the Year).

A summary of their training records is as follows:

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

Note 1:

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

2 Reading newspapers, journals and updates

Note 2:

A. Businesses relating to the Company

B. Laws, rules and regulations, accounting standards

Appointment and Re-Election of Directors

Under the requirement of Code A.4.1 of the Corporate Governance Code (as effective during the Year), non-executive Directors should be appointed for a specific term and be subject to re-election. Each of the Directors is engaged on a service agreement (for executive Directors and non-executive Directors) or an appointment letter (for independent non- executive Directors) for a term of three years. All of them are subject to retirement and re-election in accordance with the articles of association of the Company (the "**Articles of Association**").

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

Board Meetings

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

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

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

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

During the Year, the Directors have made active contribution to the affairs of the Group and six Board meetings were held to consider, among other things, various transactions contemplated by the Group and to review and approve, among others, the interim results, annual results and ESG report of the Group.

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

Attendance Records of the Directors

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

	Number of attendance/Number of meetings held during the year ended 31 December 2021					
Directors	**Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**Nomination Committee Meeting**	**Environmental, Social and Governance Committee Meeting**	**General Meeting**
Executive Directors:						
Mr. Li Changjiang *(President)*	6/6	Not applicable	Not applicable	Not applicable	1/1	1/1
Mr. Xiao Hua	6/6	Not applicable	Not applicable	Not applicable	1/1	1/1
Mr. Guo Zhanjun	6/6	Not applicable	Not applicable	Not applicable	1/1	1/1
Non-executive Directors:						
Ms. Yang Huiyan *(Chairman)*[1]	5/5	Not applicable	3/3	2/2	Not applicable	1/1
Mr. Yang Zhicheng[1]	5/5	Not applicable	Not applicable	Not applicable	Not applicable	1/1
Ms. Wu Bijun[1]	5/5	Not applicable	Not applicable	Not applicable	Not applicable	1/1
Independent Non-executive Directors:						
Mr. Mei Wenjue	6/6	2/2	3/3	Not applicable	Not applicable	1/1
Mr. Rui Meng	6/6	2/2	Not applicable	2/2	Not applicable	1/1
Mr. Chen Weiru	6/6	2/2	3/3	2/2	Not applicable	1/1

Note:

1. Since (i) Ms. Yang Huiyan is the controlling shareholder, the Co-Chairman and an executive Director of CG Holdings, (ii) Mr. Yang Zhicheng is a regional President and an executive director of CG Holdings and a cousin of Ms. Yang Huiyan, and (iii) Ms. Wu Bijun is the Vice President and the Chief Financial Officer of CG Holdings, all of them have abstained from voting at the Board meeting of the Group held on 5 August 2021 on the resolution approving the connected transaction with CG Holdings in relation to equity acquisition to avoid any conflicts of interest. As such, Ms. Yang Huiyan, Mr. Yang Zhicheng and Ms. Wu Bijun should attend five Board meetings during the Year. For details of the connected transaction, please refer to the announcement of the Company dated 5 August 2021.

Chairman and President

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

Board Committees

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

Audit Committee

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

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

During the Year, the Audit Committee has reviewed the audit planning memorandums, the annual results and annual report for the year ended 31 December 2020, the interim results and interim report for the period ended 30 June 2021, the financial reporting and compliance procedures, the internal control report on connected transactions and investments in wealth management products, the risk management and internal control system, the remuneration of external auditor, the adequacy of resources, qualifications and experience of the employees of the Group's accounting and financial reporting function department, and their training plans and budgets.

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

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

Remuneration Committee

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

The responsibilities and authorities of the Remuneration Committee are clearly defined in its terms of reference, the principal duties of which include, inter alia, (i) making recommendations to the Board on the Company's policy and structure for the remuneration of all the Directors and senior management of the Group; (ii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and (iii) making recommendations to the Board on the remuneration packages of individual Directors and senior management.

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

The Remuneration Committee held three meetings during the Year. During the meetings, the Remuneration Committee reviewed and recommended to the Board on the remuneration packages of the Directors and independent non-executive Directors as well as approved the service contracts of the executive Directors and the remuneration of independent non-executive Directors. The attendance record of individual Directors at the Remuneration Committee meetings is listed under the section headed "**Attendance Records of the Directors**" above on a named basis.

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

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

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

RMB	Number of members of senior management
0 to 1,000,000	1
1,000,001 to 6,000,000	0
6,000,001 to 12,000,000	4

Nomination Committee

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

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

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

On 20 December 2018, the nomination policy was adopted by the Board and the Nomination Committee, respectively.

Objectives

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

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

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

Selection Criteria

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

    i. Reputation for integrity

    ii. Accomplishment and experience in different industries

    iii. Commitment in respect of available time and relevant interest

    iv. Independence

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

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

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

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

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

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

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

Nomination Procedures

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

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

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

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

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

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

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

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

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

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

Environmental, Social and Governance Committee

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

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

Corporate Governance Function

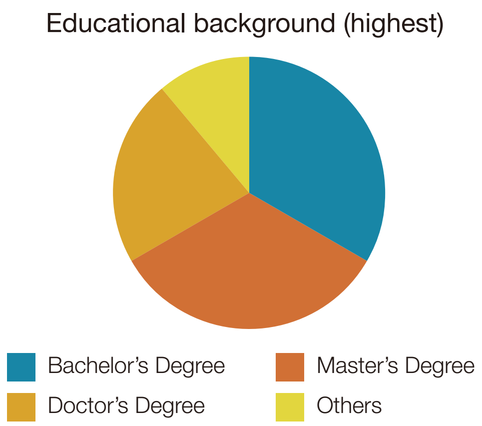
As no corporate governance committee has been established, the Board is responsible for, among other things, formulating and reviewing the policies and practices on corporate governance of the Group and make recommendations, monitoring the Group's compliance of legal and regulatory requirements, reviewing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

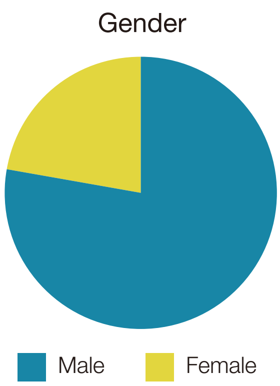
Summary of the Board Diversity Policy

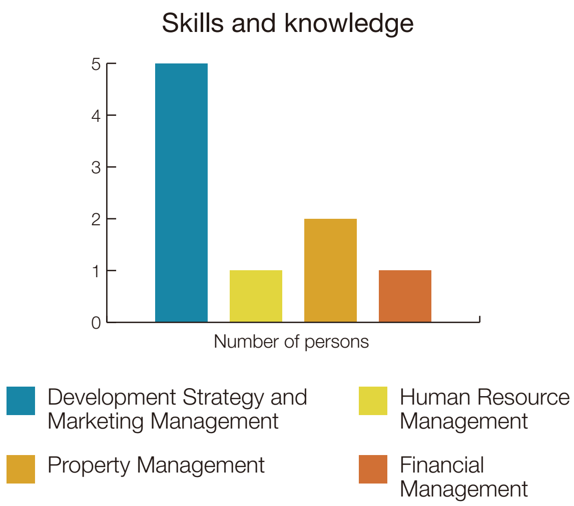
The Company has adopted a board diversity policy (the "**Board Diversity Policy**") setting out the objectives and the factors to be considered for achieving the diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance.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

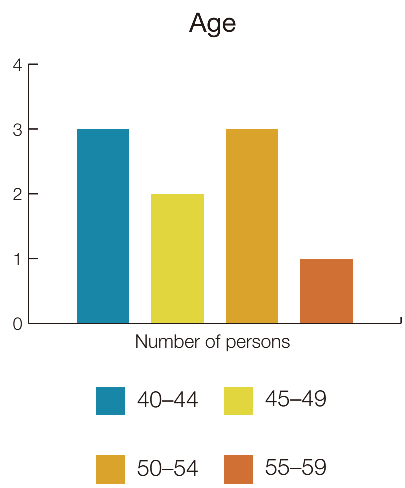
The Company seeks to achieve Board diversity taking into account of a number of factors, including but not limited to, educational background, gender, age, skills and knowledge. The ultimate selection decision will be based on merits and contribution to the Board.

As at 31 December 2021, an analysis of the Board composition based on the range of diversity perspectives is set out as follows:









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

Directors' Responsibility on the Consolidated Financial Statements

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

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

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

Deed of Non-Competition

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

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

Risk Management and Internal Control

Duties of the Board and the Management

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

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

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

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

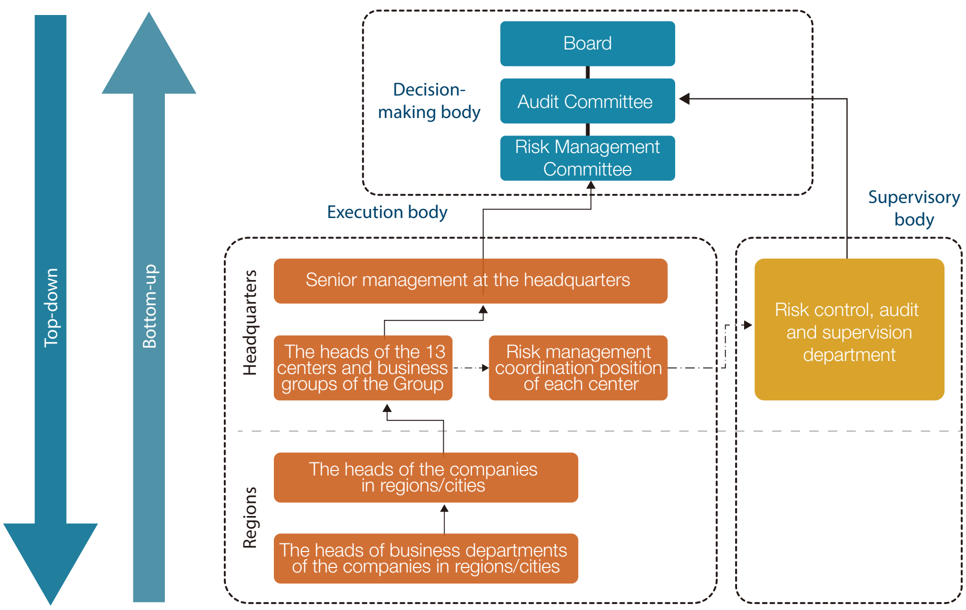
Risk Management

1. Risk Management System Construction:

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

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

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



(Diagram 1: Risk Management Organizational Structure)

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

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

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

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

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

(Diagram 2: Main Steps of the Risk Management Process)

5) **Establish a risk management information database:** the risk control, audit and supervision department organizes various functional centers and its subsidiaries to report, sort and summarize risk information and to establish a risk management information database, in order to jointly identify various risk information which may affect the achievement of the objectives of the Company, to improve the accuracy and applicability of risk identification, and to evaluate the effectiveness of previous risk control measures.

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

2. Implementation of corporate risk assessment in 2021

During the Year, based on the established risk management system above, the management has continued to monitor the risks arising from uncertainties such as recurrence of the COVID-19 pandemic and changes in economic policies in the PRC, has continued to strengthen its risk management with the assistance of external advisory bodies, and has updated and assessed the top ten risks in 2021.

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

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

Internal Control

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

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

In 2021, the management has carried out internal control self-assessment for 26 regions and 12 acquired entities in ten identified areas, carried out internal monitoring review and internal audit for key business processes, and formulated improvement plans to address the gaps and weaknesses identified in the process. The internal auditing function of the Company has conducted follow-up reviews periodically to ensure remedial actions are taken on a timely basis, and it has reported the results of follow-up reviews to the Audit Committee.

Anti-fraud System

CG Services has zero tolerance for corruption, and resolutely cracks down on any form of corruption, bribery, extortion, fraud and money laundering. The Company has an audit and supervision function to comprehensively coordinate and lead the anti-corruption construction of the Company, which is responsible for investigating the reported clues and guiding the headquarters and units within the Group to carry out integrity publicity and implementation.

In 2021, the Company held an integrity culture festival, at which the Company promoted a clean culture and consolidated the integrity awareness through integrity knowledge contests, integrity promotion videos and integrity lectures.

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

During the Year, the Board, through the Audit Committee, has conducted a comprehensive review of the risk management and internal control system of the Company, including major risk assessment and internal control review of key business processes in the Year. The period of this review covered the fiscal year of 2021 with the scope covering the Company's main business and all of the important control aspects, including financial monitoring, operational monitoring and compliance monitoring, and took into account changes in the nature and severity of major risks, as well as the Company's ability to respond to changes in its business and external environment. The Board considers that the Company has complied with the risk management and internal control provisions set out in the Corporate Governance Code and that the risk management and internal control systems are effective and adequate.

The Board has reviewed the resources, staff qualifications and experiences of accounting, internal audit and financial reporting functions, the training programs for staff and the relevant budget, and the processes for relevant financial reporting and compliance with the Listing Rules, and considered them effective and adequate.

During the year ended 31 December 2021, the Group has implemented procedures and internal controls for the handling and dissemination of inside information. In particular, the Group:

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

Joint Company Secretaries

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

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

External Auditor and Auditor's Remuneration

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

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

Type of services provided by the external auditor	Amount (RMB)
— 2021 interim financial report	
Professional review service	3,800,000
— 2021 annual financial statements	
Professional audit service	10,450,000
— Non-audit services	2,189,000
Total:	16,439,000

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

Constitutional Documents

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

Dividend Policy

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

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

Communication with Shareholders and Investors

Communication with Shareholders

The Group recognizes the importance of transparent and timely disclosure of corporate information, which enables Shareholders and investors to make the best investment decision. The Company believes that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company has adopted a Shareholders Communication Policy with an aim of promoting and maintaining an ongoing communication with the Shareholders and investors, under which procedures for Shareholders sending enquiries and concerns to the Board and other policies concerning communication with Shareholders and investors have been established. The policy is available at the Company's website (www.bgyfw.com).

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

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

General Meetings

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

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

Shareholders' Rights

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

Convening of Extraordinary General Meeting at the Request of Shareholders

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

Procedures for Putting Forward to Proposals at General Meetings by Shareholders

There are no provisions allowing Shareholders to put forward new resolutions at general meetings under the Cayman Islands Companies Law or the Articles of Association. Shareholders who wish to put forward a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

Procedures for Directing Shareholders' Enquiries to the Board

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

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

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

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

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

The Board is pleased to present the audited consolidated financial statements of the Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and a leading integrated service provider in the PRC covering diversified business forms. Its subsidiaries are principally engaged in property management services, community value-added services, value-added services to non-property owners, the "Three Supplies and Property Management" businesses, city services and commercial operational services. An analysis of the Group's revenue for the year ended 31 December 2021 by principal activities is set out in note 5 to the consolidated financial statements of the Group.

RESULTS

The results of the Group for the year ended 31 December 2021 are set out in the consolidated statement of comprehensive income on page 104.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2021 is set out below:

		Section(s) in this Annual Report	Page No. of this Annual Report
a.	Fair review of the Company's business	Management Discussion and Analysis	15 to 34
b.	Description of the principal risks and uncertainties facing the Company	Management Discussion and Analysis	15 to 34
c.	Particulars of important events affecting the Company that have occurred following the end of the year ended 31 December 2021	Report of the Directors, Note 41 to Financial Statements	77, 198
d.	Indication of likely future development in the Company's business	Management Discussion and Analysis	15 to 34
e.	Analysis using key financial performance indicators	Financial Summary and Management Discussion and Analysis	14 and 15 to 34
f.	Discussion on the Company's environmental policies and performance	The Company's environmental policies and performance are set out in the "Country Garden Services Holdings Company Limited Environmental, Social and Governance Report 2021" (a standalone report)	Not applicable
g.	An account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company and on which the Company's success depends	Management Discussion and Analysis and Report of the Directors	15 to 34 and 61 to 97
h.	Discussion on the Company's compliance with the relevant laws and regulations that have a significant impact on the Company	Corporate Governance Report and Report of the Directors	42 to 60 and 61 to 97

FINAL DIVIDEND

The Directors recommended the payment of a final dividend of RMB29.95 cents per Share for the year ended 31 December 2021 (2020: RMB21.87 cents per Share) to the Eligible Shareholders.

The proposed final dividend shall be declared in RMB and paid in Hong Kong dollars. The final dividend payable in Hong Kong dollars will be converted from RMB at the average central parity rate of RMB to Hong Kong dollars as announced by the People's Bank of China for the period from Tuesday, 31 May 2022 to Tuesday, 7 June 2022, with the Eligible Shareholders being given an option to elect to receive the final dividend all in new Shares or partly in new Shares and partly in cash or all in cash (the "**Scrip Dividend Scheme**"). The new Shares will, on issue, rank pari passu in all respects with existing Shares in issue on the date of the allotment and issue of the new Shares, except that they shall not be entitled to the proposed final dividend.

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

A circular giving full details of the Scrip Dividend Scheme together with the relevant form of election will be sent to the Eligible Shareholders on or around Friday, 22 July 2022. It is expected that the final dividend warrants and certificates for the new Shares (in case the Eligible Shareholders have elected to receive part or all their final dividend in the form of new Shares) will be despatched to the Eligible Shareholders on or around Tuesday, 30 August 2022 at their own risk.

SHARE CAPITAL

Details of the issued Shares and the movements in the share capital of the Company during the year ended 31 December 2021 are set out in note 26 to the consolidated financial statements of the Group.

CONVERTIBLE BONDS

On 20 May 2020, Best Path Global Limited, a wholly-owned subsidiary of the Company, issued convertible bonds in a principal amount of HKD3,875.0 million, all of which were converted into shares during the Year. In addition, convertible bonds in the aggregate principal amount of HKD5,038.0 million were issued by Best Path Global Limited on 3 June 2021. For details of the above convertible bonds, please refer to the announcements of the Company dated 27 April 2020 and 28 April 2020.

Details of the convertible bonds converted or issued during the year ended 31 December 2021 are set out in the section headed "**Equity Fund-Raising Activities and Uses of Proceeds**" in this annual report and in note 32 to the consolidated financial statements of the Group.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2021 are set out in note 14 to the consolidated financial statements of the Group.

INTANGIBLE ASSETS

Details of the movements in intangible assets of the Group during the year ended 31 December 2021 are set out in note 17 to the consolidated financial statements of the Group.

BORROWINGS

Details of the borrowings of the Group during the year ended 31 December 2021 are set out in note 33 to the consolidated financial statements of the Group.

EQUITY LINKED AGREEMENT

Save as disclosed in the sections headed "**Convertible Bonds**", "**Share Option Schemes**" and "**Equity Fund-Raising Activities and Uses of Proceeds**", no equity linked agreements were entered into by the Company as at the end of or at any time during the year ended 31 December 2021.

LISTING OF THE COMPANY

The Company was originally owned by CGH. In March 2018, CGH submitted a proposal to the Stock Exchange in accordance with Practice Note 15 of the Listing Rules to spin-off the Company for a separate listing by way of introduction and the Stock Exchange confirmed that CGH might proceed with the proposal.

In March 2018, the Company submitted a listing application form (Form A1) to apply for the listing of, and permission to deal in, the ordinary shares of par value US$0.0001 each in the share capital of the Company ("**CG Services Share(s)**") on the Main Board of the Stock Exchange by way of introduction. The application was subsequently approved by the Stock Exchange.

The spin-off and separate listing of the Company was implemented by means of a distribution in specie by CGH to its eligible shareholders on the basis of one CG Services Share for every 8.7 shares of CGH held on 13 June 2018. Upon completion of the distribution, the Company became listed on the Main Board of the Stock Exchange with stock code of 6098 on 19 June 2018.

Thereafter, CGH has retained no interest in the issued share capital of the Company and the Company is no longer a subsidiary of CGH.

DONATIONS

The total donations made by the Group during the year ended 31 December 2021 amounted to approximately RMB9,488,000 (2020: approximately RMB448,000).

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "**Connected Transactions and Continuing Connected Transactions**", "**Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company**" and "**Share Option Schemes**", none of the Company, any of its subsidiaries, fellow subsidiaries or holding companies was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate as at the end of or at any time during the year ended 31 December 2021.

DISTRIBUTABLE RESERVES

As at 31 December 2021, the distributable reserves of the Company amounted to approximately RMB1,009,206,000 (2020: approximately RMB678,657,000). Details of the movements in reserves of the Company during the year ended 31 December 2021 are set out in note 39 to the consolidated financial statements of the Group.

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

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

FINANCIAL SUMMARY

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

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2021, revenue attributable to the largest customer of the Group accounted for approximately 7.07% of the total revenue for the year and the five largest customers of the Group accounted for less than 30% of the Group's revenue for the year.

For the year ended 31 December 2021, purchases attributable to the largest supplier of the Group accounted for approximately 1.05% of the total purchases in the year and the five largest suppliers of the Group accounted for less than 30% of the Group's purchases in the year.

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

As at 31 December 2021, Ms. Yang Huiyan, our ultimate controlling shareholder and non-executive Director, owned a total of 61.25% interest in CGH. The CGH Group is one of the Group's five largest customers.

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

CHANGES OF INFORMATION ON DIRECTORS

Directors' Service Agreements and Remuneration

Each independent non-executive Director entered into a supplemental service agreement with the Company on 21 December 2021. Pursuant to the supplemental service agreements (with effect from 1 January 2022), the annual remuneration of Mr. Mei Wenjue, Mr. Rui Meng and Mr. Chen Weiru as independent non-executive Directors has been adjusted from RMB200,000 to RMB300,000, and they are entitled to be reimbursed for any necessary expenses reasonably incurred for the purpose of the operation of the Company (including travelling expense and research expense) subject to the consent of the Board.

During the year ended 31 December 2021 and up to the date of this report, save as disclosed above and in the section headed "Changes of Information on Directors" in the 2021 interim report of the Company, there is no other information that is required to be disclosed under Rule 13.51B(1) of the Listing Rules.

DIRECTORS

The Directors during the year ended 31 December 2021 and up to the date of this report are as follows:

Executive Directors

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

Non-executive Directors

Ms. Yang Huiyan *(Chairman)*
Mr. Yang Zhicheng
Ms. Wu Bijun

Independent Non-executive Directors

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

In accordance with article 84(1) of the Articles of Association, Mr. Li Changjiang, Ms. Yang Huiyan and Mr. Yang Zhicheng shall retire from office by rotation and, being eligible, offer themselves for re-election at the 2022 AGM.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

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

Save as disclosed above, there was no service agreement or letter of appointment between the Directors proposed to be re-elected at the 2022 AGM and the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "**Connected Transactions and Continuing Connected Transactions**", no other transaction, arrangement or contract that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had, directly or indirectly, a material interest subsisted at any time during the year ended 31 December 2021.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the section headed "**Connected Transactions and Continuing Connected Transactions**", there was no significant contract entered into between the Company or any of its subsidiaries and its Controlling Shareholders at any time during the year ended 31 December 2021.

MANAGEMENT CONTRACTS

No contracts, other than the service contracts with the Directors and employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year ended 31 December 2021.

INTERESTS OF DIRECTORS AND THEIR ASSOCIATES IN COMPETING BUSINESS

During the year ended 31 December 2021, none of the Directors or any of their respective associates (as defined in the Listing Rules) was considered to be interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

COMPLIANCE WITH THE DEED OF NON-COMPETITION

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

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

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

Ms. Yang Huiyan, the controlling shareholder of the Company, has provided the Company with a written confirmation dated 18 March 2022, in which Ms. Yang Huiyan confirmed that, during the year ended 31 December 2021 she and her close associates had fully complied with all terms and provisions of the Deed of Non-competition.

PERMITTED INDEMNITY PROVISION

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

During the year ended 31 December 2021, the Company had taken out insurance for Directors and senior management to provide appropriate protection for the Directors and senior management of the Company.

The permitted indemnity provision was in force during the year ended 31 December 2021 for the benefit of the Directors.

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

Details of the emoluments of the Directors and senior management, together with those of the five highest paid individuals of the Group for the year ended 31 December 2021 are set out in note 40 and note 9(a) to the consolidated financial statements of the Group.

The emoluments of individual Directors (including salaries and other benefits) are recommended by the remuneration committee of the Company for the Board's approval, having regard to the Group's results, Directors' performance and duties, etc.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

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

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

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

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

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

(1) Connected Transactions

(a) Acquisition of 100% equity interest in Guiyang Southwest International Trade City Operation and Management Co., Ltd. ("Trade City Operation and Management"); acquisition of 100% equity interest in Guizhou Hongtai Smart Logistics Co., Ltd. ("Guizhou Hongtai"); acquisition of 100% equity interest in Guangzhou Smart City Investment Co., Ltd. ("Guangzhou Smart City Investment"); and acquisition of 50% equity interest in Shenzhen Country Garden Business Management Co., Ltd. ("Shenzhen CG Business Management")

On 13 April 2021 (after trading hours), Guizhou Shunhui Business Management Co., Ltd. ("**Guizhou Shunhui**", an indirect non-wholly-owned subsidiary of the Company) and Guiyang Southwest International Trade City Co., Ltd. ("**Guiyang Trade City**", an indirect wholly-owned subsidiary of CGH) entered into the Trade City Operation and Management Equity Transfer Agreement, pursuant to which Guizhou Shunhui agreed to acquire and Guiyang Trade City agreed to sell 100% equity interest in Trade City Operation and Management at a consideration of RMB9.2 million (the "**Trade City Operation and Management Acquisition**").

On 13 April 2021 (after trading hours), Guizhou Shunhui and Guiyang Trade City entered into the Guizhou Hongtai Equity Transfer Agreement, pursuant to which Guizhou Shunhui agreed to acquire and Guiyang Trade City agreed to sell 100% equity interest in Guizhou Hongtai at a consideration of RMB2 million (the "**Guizhou Hongtai Acquisition**").

On 13 April 2021 (after trading hours), Guangzhou Qinghui Business Management Co., Ltd. ("**Guangzhou Qinghui**", an indirect non-wholly-owned subsidiary of the Company) respectively entered into the Guangzhou Smart City Investment Equity Transfer Agreement with Shenzhen Bigui Technology Development Co., Ltd. ("**Shenzhen Bigui Technology**", an indirect wholly-owned subsidiary of CGH) and Guangzhou Bicheng Shuangxiang Investment Co., Ltd. ("**Guangzhou Bicheng**", an independent third party), pursuant to which Guangzhou Qinghui agreed to acquire and Shenzhen Bigui Technology and Guangzhou Bicheng agreed to sell a total of 100% equity interest in Guangzhou Smart City Investment at a consideration of RMB1.6 million (the "**Guangzhou Smart City Investment Acquisition**").

Upon completion of the Trade City Operation and Management Acquisition, the Guizhou Hongtai Acquisition and the Guangzhou Smart City Investment Acquisition, Trade City Operation and Management, Guizhou Hongtai and Guangzhou Smart City Investment will become non-wholly-owned subsidiaries of the Group, and their results, assets and liabilities will be consolidated into the accounts of the Group.

On 13 April 2021 (after trading hours), Shenzhen Guanhui Business Management Co., Ltd. ("**Shenzhen Guanhui**", an indirect non-wholly-owned subsidiary of the Company) and Dongguan Country Garden Property Development Co., Ltd. ("**Dongguan CG**", an indirect non-wholly-owned subsidiary of CGH) entered into the Shenzhen CG Business Management Equity Transfer Agreement, pursuant to which Shenzhen Guanhui agreed to acquire and Dongguan CG agreed to sell 50% equity interest in Shenzhen CG Business Management at a consideration of RMB7.2 million (the "**Shenzhen CG Business Management Acquisition**").

Upon completion of the Shenzhen CG Business Management Acquisition, the Company will indirectly hold 50% equity interest in Shenzhen CG Business Management. As Zhuhai Chuangyi Consulting Management Enterprise (Limited Partnership) ("**Zhuhai Chuangyi LP**", a shareholder of Shenzhen CG Business Management holding its 6% equity interest) entered into a letter of statement of acting in concert dated 13 April 2021 with Shenzhen Guanhui, pursuant to which Zhuhai Chuangyi LP agreed to take concerted actions, follow the opinions of Shenzhen Guanhui and express intentions consistent with that of Shenzhen Guanhui in the voting matters at the general meetings of Shenzhen CG Business Management. Upon completion of the Shenzhen CG Business Management Acquisition, Shenzhen CG Business Management will become a non-wholly-owned subsidiary of the Group and its results, assets and liabilities will be consolidated into the accounts of the Group.

Since CGH is a majority-controlled company indirectly held by Ms. YANG Huiyan, a non-executive Director and a substantial Shareholder of the Company, CGH and its subsidiaries are associates of Ms. YANG Huiyan and thus connected persons of the Company. As such, the transactions contemplated under the above equity transfer agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The Company believes that the above acquisitions will enable the Group to further expand its business scale and scope, to obtain continuous and stable income and cash flow, and to enhance its influence and competitiveness in the market, which are in line with the strategic development needs of the Group. For details of the above acquisitions, please refer to the announcement of the Company dated 13 April 2021.

(b) Acquisition of 100% equity interest in Shanghai Xin Biyuan Business Management Co., Ltd. (the "Target Company")

On 5 August 2021 (after trading hours), Zhuhai Shunhui Business Management Co., Ltd. ("**Zhuhai Shunhui**", an indirect non-wholly-owned subsidiary of the Company) and Shanghai Xinbi Real Estate Development Co., Ltd. ("**Shanghai Xinbi**", an indirect wholly-owned subsidiary of CGH) entered into an equity transfer agreement, pursuant to which Zhuhai Shunhui agreed to acquire and Shanghai Xinbi agreed to sell 100% equity interest in the Target Company at a consideration of RMB16.8 million. Upon completion of the acquisition, the Target Company will become a non-wholly-owned subsidiary of the Group, and its results, assets and liabilities will be consolidated into the accounts of the Group.

Since CGH is a majority-controlled company indirectly held by Ms. YANG Huiyan, a non-executive Director and a substantial Shareholder, CGH and its subsidiaries are associates of Ms. YANG Huiyan and thus connected persons of the Company. As such, the acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The acquisition will enable the Group to further expand the business scale and scope of its commercial management and services and receive continuous and stable income and cash flow, which will enhance its market influence and competitiveness and is line with the strategic development needs of the Group. For details of the acquisition, please refer to the announcement of the Company dated 5 August 2021.

(2) Continuing Connected Transactions

Continuing Connected Transaction with the Bright Scholar Group

On 4 December 2020, the Company entered into a property management services framework agreement (the "**2020 Bright Scholar Property Management Services Framework Agreement**") with Bright Scholar, which sets out the principal terms for the provision of property management services by the Group to the Bright Scholar Group in respect of the school campuses and dormitories of the Bright Scholar Group, for a term of three years commencing on 1 January 2021 until 31 December 2023. The proposed annual caps (excluding tax) of the transactions contemplated under the 2020 Bright Scholar Property Management Services Framework Agreement for each of the three years ending 31 December 2023 are RMB7 million, RMB12.5 million and RMB18 million, respectively. In view of the business development of the Group, it is expected that the existing annual caps will be insufficient to meet the expected transaction amount of the property management services provided to the Bright Scholar Group in respect of the school campuses and dormitories of the Bright Scholar Group for the year ended 31 December 2021. As such, the Group entered into a supplemental agreement with the Bright Scholar Group on 27 August 2021, pursuant to which the parties agreed to revise the annual cap for the year ended 31 December 2021 to RMB12 million.

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

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

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

During the year ended 31 December 2021, a total amount of RMB10.481 million was paid by Bright Scholar Group to the Group under the 2020 Bright Scholar Property Management Services Framework Agreement, which did not exceed the annual cap of RMB12 million.

Continuing Connected Transactions with CGH

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

1. Trademark Licencing Arrangement

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

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

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

2. Property Lease Framework Agreement

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

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

For details of the 2021 Property Lease Framework Agreement, please refer to the announcement of the Company dated 13 April 2021. During the year ended 31 December 2021, the total amount spent by the Company for the lease of the office space, shops and parking space, etc. of the CGH Group was RMB919.447 million, which did not exceed the annual cap of RMB1,500 million.

3. Merchandise Procurement Framework Agreement

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

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

Further details of the 2020 Merchandise Procurement Framework Agreement were disclosed in the announcement of the Company dated 4 December 2020. During the year ended 31 December 2021, the total merchandise procurement fee paid by the CGH Group to the Group was RMB31.375 million, which did not exceed the annual cap of RMB82.58 million.

4. CGH Property Management Services Framework Agreement

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

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

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

During the year ended 31 December 2021, the total property management service fee paid by the CGH Group to the Company was RMB294.825 million, which did not exceed the annual cap of RMB416 million.

5. **Sales and Leasing Agency Services Framework Agreement**

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

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

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

During the year ended 31 December 2021, the total amount for the sales and leasing agency services paid by the CGH Group to the Company was RMB632.231 million, which did not exceed the annual cap of RMB700 million.

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

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

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

During the year ended 31 December 2021, the total amount for the hotel, engineering and transportation services paid by the CGH Group to the Company was RMB44.907 million, which did not exceed the annual cap of RMB52.22 million.

7. Consultancy and Other Services Framework Agreements

On 4 December 2020, the Company and CGH entered into a consultancy and other services framework agreement (the "**Consultancy and Other Services Framework Agreement**"). In accordance with its principal terms, members of the Group may from time to time enter into individual agreements with members of the CGH Group to provide the CGH Group with the following services for a term of 3 years commencing on 1 January 2021 until 31 December 2023.

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

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

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

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

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

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

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

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

During the year ended 31 December 2021, the total amount for the consultancy and other services paid by the CGH Group to the Company was RMB1,096.701 million, which did not exceed the annual cap of RMB1,500 million.

8. **Business Management Service Framework Agreement**

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

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

For details of the Business Management Service Framework Agreement, please refer to the announcement of the Company dated 13 April 2021.

During the year ended 31 December 2021, the total amount for the business management services paid by the CGH Group to the Company was RMB246.392 million, which did not exceed the annual cap of RMB420 million.

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

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

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

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

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

REVIEW AND APPROVAL OF CONTINUING CONNECTED TRANSACTIONS BY AUDITOR

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

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

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

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

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

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

OTHERS

The connected transactions and continuing connected transactions disclosed above constitute related party transactions under the Hong Kong Financial Reporting Standards. A summary of significant related party transactions conducted during the year ended 31 December 2021 is disclosed in note 38 "Related party transactions" to the financial statements.

Certain items under note 38 "Related party transactions" to the financial statements also constitute connected transactions/continuing connected transactions under Chapter 14A of the Listing Rules.

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

TRANSACTION ENTERED INTO SUBSEQUENT TO THE REPORTING PERIOD

Acquisition of Equity Interest in Everjoy Services Company Limited (中梁百悦智佳服務有限公司) (the "Target Company")

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

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

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

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

The Acquisition will complement the Group's business and help the Group in strengthening its brand influence in medium- and high-end residential property management and expanding the potential of its community value-added services. In addition, there is a high degree of overlap in business areas between the Group's projects and those of the Target Group, which is conducive to integrating the advantages of both sides, lowering operating costs and improving profitability in the overlapped business areas in the future. The Acquisition will also further enhance the Group's influence and competitiveness in the market, contribute to its long-term steady growth and create better returns for the shareholders of the Company.

For details, please refer to the announcements of the Company dated 14 February 2022 and 29 March 2022.

DISCLOSURE PURSUANT TO RULE 14.36B OF THE LISTING RULES

1. Acquisition of a group of property management companies

On 10 July 2019, United Gain (a wholly-owned subsidiary of the Company) (as purchaser) entered into an agreement with Hopefluent (BVI) Limited ("**Hopefluent**", as vendor) to acquire 100% equity interest in Sino Estate Holdings Limited ("**Sino Estate Holdings**", and together with its subsidiaries, the "**Sino Estate Holdings Group**").

On 10 July 2019, CG Life Services (a wholly-owned subsidiary of the Company) (as purchaser) entered into an agreement with Guangzhou YingFeng Information Technology Co., Ltd., Shanghai YiLiu Information Technology Co., Ltd. and Guangzhou Gaoyi Advisory Co., Limited (collectively, the "**Second Vendors**") to acquire a total of 5.5% equity interest in Asia Asset Real Estate Services (China) Co., Ltd. ("**Asia Asset Real Estate Services (China)**").

On 10 July 2019, CG Life Services (as purchaser) entered into an agreement with Guangzhou YingLong Information Technology Co., Ltd. ("**Guangzhou YingLong**", as vendor) to acquire 9% equity interest in Asia Asset Real Estate Services (China).

For details of the acquisition, please refer to the announcement of the Company dated 10 July 2019.

Hopefluent undertook to United Gain that for each of the financial years 2019, 2020 and 2021 (the "**Valuation Adjustment Period**"), the average annual growth of the chargeable site area under the management of the Sino Estate Holdings Group shall not be less than 10%. The performance target in respect of chargeable site area to be achieved by the Sino Estate Holdings Group during the Valuation Adjustment Period is as follows:

Financial year	Chargeable site area as at 31 December of the relevant financial year (square metres)	Targeted net increase in chargeable site area (compared with 2018) (thousand square metres)
2019	14,815,000	1,346.8
2020	16,296,500	2,828.3
2021	17,926,200	4,458.0

As at 31 December 2021, the chargeable site area of the Sino Estate Holdings Group was 18,480,000 sq.m., higher than the performance target set out in the table above. As such, United Gain is required to pay Hopefluent a valuation adjustment of HK$35,842,455, and CG Life Services is required to pay a valuation adjustment of RMB2,035,000 to the Second Vendors and of RMB8,730,000 to Guangzhou YingLong.

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

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

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

	Principal Business Income		Net Profit After NRI	
Year of performance	The guaranteed minimum amount of the Principal Business Income for the year (RMB million)	The guaranteed minimum amount of accumulated Principal Business Income for the year(s) during the Valuation Adjustment Period (RMB million)	The guaranteed minimum amount of the Net Profit After NRI for the year (RMB million)	The guaranteed minimum amount of the accumulated Net Profit After NRI for the year(s) during the Valuation Adjustment Period (RMB million)
2020	375.85	375.85	75.01	75.01
2021	468.46	844.31	110.45	185.46
2022	473.46	1,317.77	114.08	299.54

The accumulated Principal Business Income and accumulated Net Profit After NRI of City-Media in 2021 were RMB847.59 million and RMB188.63 million, respectively, both higher than the guaranteed minimum amount for 2021. As such, CG Life Services will pay the fifth instalment of the consideration of RMB51.19 million to the First Vendor in accordance with the relevant agreement.

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

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

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

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

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

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

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

As at the date of this report, due to the recent recurrence of the novel coronavirus disease (COVID-19) pandemic in China and the relevant pandemic control policy, the audit procedures for the performance guarantee for Manguo Kangjie have been adversely affected. As such, the audit of the relevant performance guarantee for Manguo Kangjie for the year ended 31 December 2021 is still in progress. The Company will closely monitor the above performance guarantee and issue an announcement as soon as practicable after obtaining the relevant audit opinions.

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

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

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

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

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

Y = Guaranteed minimum Net Profit After NRI of Fujian Dongfei for 2020 (being RMB120 million)

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

The Operating Revenue and Net Profit After NRI of Fujian Dongfei for the year ended 31 December 2021 were RMB1,366 million and RMB149 million, respectively, both higher than the guaranteed minimum amount for 2021. As such, the Guarantors are not required to pay any compensation to CG Life Services.

5. Acquisition of Entire Equity Interest in Wealth Best Global

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

R&F Property has undertaken that the audited Net Profit After NRI and accounting revenue of Wealth Best Global for 2021 shall not be less than RMB500 million and RMB4.2 billion, respectively, and its Areas Under Management and total Contracted Areas as at 31 December 2021 shall not be less than 86 million sq.m. and 127 million sq.m., respectively (the "**Performance Guarantee**").

Consideration Adjustment

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

(1) If the audited Net Profit After NRI for 2021 is less than RMB500 million, the Phase 1 Consideration shall be reduced pro-rata by the difference between RMB500 million and the actual audited Net Profit After NRI.

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

(3) If the total Areas Under Management as at 31 December 2021 are less than 86 million sq.m., the Phase 1 Consideration shall be reduced pro-rata for the difference between 86 million sq.m. and the actual total Areas Under Management as at 31 December 2021.

(4) If the total Contracted Areas as at 31 December 2021 are less than 127 million sq.m., the Phase 1 Consideration shall be reduced pro-rata for the difference between 127 million sq.m. and the actual total Contracted Areas as at 31 December 2021.

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

As at the date of this report, due to the recent recurrence of the novel coronavirus disease (COVID-19) pandemic in China and the relevant pandemic control policy, the audit procedures for the performance guarantee for Wealth Best Global have been adversely affected. As such, the audit of the relevant performance guarantee for Wealth Best Global for the year ended 31 December 2021 is still in progress. The Company will closely monitor the above performance guarantee and issue an announcement as soon as practicable after obtaining the relevant audit opinions.

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

As at 31 December 2021, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be entered in the register pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions in the Shares and underlying shares of the Company

Name of Director	Capacity	Number of Shares held	Number of interests in underlying shares held under equity derivatives	Total	% of total Shares in issue as at 31 December 2021	Number of debentures held
Ms. Yang Huiyan	Interest of controlled corporation	1,451,120,428[(2)]	–	1,451,120,428	43.11%	–
Mr. Li Changjiang	Beneficial owner and interest of spouse	5,168,915[(3)(4)]	5,790,000[(8)]	10,958,915	0.33%	–
Ms. Wu Bijun	Beneficial owner	4,471,390[(3)(5)]	–	4,471,390	0.13%	–
Mr. Xiao Hua	Beneficial owner	1,435,795[(3)(6)]	1,520,000[(8)]	2,955,795	0.09%	–
Mr. Guo Zhanjun	Beneficial owner	1,415,925[(3)(7)]	1,200,000[(8)]	2,615,925	0.08%	–
Mr. Yang Zhicheng	Beneficial owner	–	2,400,000[(8)]	2,400,000	0.07%	–

Notes:

(1) As at 31 December 2021, the total number of Shares in issue of the Company was 3,366,067,903 Shares.

(2) As at 31 December 2021, Concrete Win and Fortune Warrior held 1,326,120,428 Shares and 125,000,000 Shares, respectively. Concrete Win and Fortune Warrior are beneficially wholly-owned by Ms. Yang Huiyan. By virtue of the SFO, Ms. Yang Huiyan is deemed to be interested in the same number of Shares in which Concrete Win and Fortune Warrior were interested.

(3) The relevant interests include the Shares received from the exercise of the unlisted physically settled options granted pursuant to the Company's Pre-Listing Share Option Scheme, which was adopted by the then shareholders of the Company on 13 March 2018. Upon exercise of the share options in accordance with the Pre-Listing Share Option Scheme, the corresponding number of ordinary Shares will be issued at HK$0.94 per Share. The share options are personal to the respective Directors.

(4) These Shares represent 1,260,000 Shares held by Ms. Huang Zhihua, spouse of Mr. Li Changjiang, which were purchased in the secondary market, 19,515 Shares received by Mr. Li Changjiang as the distributed final dividend of CG Services for 2020 and 3,889,400 Shares issued to Mr. Li Changjiang upon his exercise of the options granted to him under the Pre-Listing Share Option Scheme.

(5) These Shares represent 56,190 Shares distributed to Ms. Wu Bijun by virtue of the shares of CGH held by her prior to the spin-off and separate listing of the Shares on the Main Board of the Stock Exchange, 177,000 Shares purchased by Ms. Wu Bijun in the secondary market and 4,238,200 Shares issued to Ms. Wu Bijun upon her exercise of the options granted to her under the Pre-Listing Share Option Scheme.

(6) These Shares represent 37 Shares distributed to Mr. Xiao Hua by virtue of the shares of CGH held by him prior to the spin-off and separate listing of the Shares on the Main Board of the Stock Exchange, 5,558 Shares received by Mr. Xiao Hua as the distributed final dividend of CG Services for 2020 and 1,430,200 Shares issued to Mr. Xiao Hua upon his exercise of the options granted to him under the Pre-Listing Share Option Scheme.

(7) These Shares represent 4,725 Shares received by Mr. Guo Zhanjun as the distributed final dividend of CG Services for 2020 and 1,411,200 Shares issued to Mr. Guo Zhanjun upon his exercise of the options granted to him under the Pre-Listing Share Option Scheme.

(8) The relevant interests are unlisted physically settled options granted pursuant to the Company's Share Option Scheme, which was adopted by the then shareholders of the Company on 28 September 2020. Upon exercise of the share options in accordance with the Share Option Scheme, the corresponding number of ordinary Shares will be issued at HK$50.07 per Share. The share options are personal to the respective Directors.

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

Name of Director	Name of associated corporation	Nature of interest	Number of shares held	Approximate % of total issued shares of the associated corporations as at 31 December 2021[1]
Ms. Yang Huiyan	Sichuan Justbon Life Services Group Co., Ltd.	Interest of controlled corporation	177,584,598	99.71%

Note:

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

Save as disclosed above, as at 31 December 2021, none of the Directors and chief executives of the Company (including their spouses and children under the age of 18) had any interest in, or had been granted any right to subscribe for the Shares and options of the Company and its associated corporations (within the meaning of the SFO), or had exercised any such rights.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 December 2021, as set out in the register kept under Section 336 of the SFO, the following companies and persons (other than the Directors and chief executives of the Company) had interests or short positions in the Shares and underlying shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Capacity	Number of Shares held or interested	Approximate % of total Shares in issue
Concrete Win	Beneficial owner	1,326,120,428 (L)	39.40%
Mr. Chen Chong[(2)]	Interest of spouse	1,451,120,428 (L)	43.11%
JPMorgan Chase & Co.[(3)]	Interest of controlled corporation	36,363,962 (L)	1.08%
		26,603,619 (S)	0.79%
	Investment manager	73,295,547 (L)	2.18%
	Person having a security interest in shares	3,786,274 (L)	0.11%
	Approved lending agent	78,801,168 (L)	2.34%

Notes:

L — long position S — short position

(1) As at 31 December 2021, the total number of Shares in issue of the Company was 3,366,067,903 Shares.

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

(3) JPMorgan Chase & Co. is interested in 192,246,951 Shares (long position, of which 78,801,168 Shares are in a lending pool) and 26,603,619 Shares (short position), accounting for approximately 5.71% and 0.79% of Shares in issue, respectively. As shown in the Disclosure of Interests, these interests in Shares are held by JPMorgan Asset Management (Asia Pacific) Limited and China International Fund Management Co., Ltd. (a corporation held indirectly by JPMorgan Chase & Co. as to 99.99% and 49% control respectively) and other corporations controlled directly or indirectly by JPMorgan Chase & Co as to 100% control. Among which, 12,132,331 Shares (long position) and 13,911,702 Shares (short position) are derivatives interests, including 296,300 Shares (short position) as cash-settled listed derivatives, 2,752,000 Shares (long position) and 7,486,381 Shares (short position) as cash-settled unlisted derivatives, 1,070,000 Shares (long position) and 2,173,181 Shares (short position) as physically settled unlisted derivatives and 8,310,331 Shares (long position) and 3,955,840 Shares (short position) as convertible instruments of listed derivatives.

Save as disclosed above, as at 31 December 2021, the Company had not been notified of any other person (other than the Directors or chief executives of the Company) who was recorded in the register of the Company as having an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEMES

(a) Pre-Listing Share Option Scheme

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

(i) ***Purpose***

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

(ii) ***Participants***

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

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

(iii) ***Total number of Shares available for issue***

The maximum number of Shares which may be granted pursuant to the Pre-Listing Share Option Scheme is 132,948,000 Shares. As at 31 December 2021, a total of 2,451,000 Shares (representing share options which had been granted but not yet lapsed or exercised) were available for issue under the Pre-Listing Share Option Scheme, representing approximately 0.07% of the total issued share capital of the Company as at the date of this report.

(iv) ***Maximum entitlement to options of each participant***

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

(v) ***Exercise period of options***

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

(vi) ***Payment on acceptance of option offer***

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

(vii) ***Basis for determining the exercise price***

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

(viii) ***Remaining life of the scheme***

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

On 21 May 2018, share options for 132,948,000 Shares with a fair value on the date of grant of approximately HK$108,375,000 (equivalent to approximately RMB86,667,000) were granted by the Company to a total of 15 eligible participants, including 13 employees of the Company (including four Directors) and two employees of CGH, in accordance with the terms of the Pre-Listing Share Option Scheme.

During the reporting period, the Company allotted and issued 39,884,400 Shares in connection with the exercise of options by certain eligible grantees, with the weighted average closing price of the Shares on the dates immediately preceding the dates of exercise of 22 March 2021 and 28 May 2021 of HK$69.66 per Share. In particular, (i) for the allotment and issue of 10,616,700 Shares in connection with the exercise of options by Directors, the weighted average closing price of the Shares on the date immediately preceding the date of exercise of options of 22 March was HK$67.80 per Share; (ii) for the allotment and issue of 11,766,300 Shares in connection with the exercise of options by employees (other than Directors), the weighted average closing price of the Shares on the date immediately preceding the date of exercise of options of 22 March was HK$67.80 per Share; and (iii) for the allotment and issue of 17,501,400 Shares in connection with the exercise of options by related entity participants, the weighted average closing price of the Shares on the dates immediately preceding the dates of exercise of options of 22 March and 28 May was HK$72.03 per Share.

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

During the year ended 31 December 2021, details of movements in the share options under the Pre-Listing Share Option Scheme are as follows:

	Options to subscribe for Shares								
Category and name of grantee	Outstanding as at 1 January 2021	Granted during the Year	Exercised during the Year	Cancelled during the Year	Lapsed during the Year	Outstanding as at 31 December 2021	Exercise price per Share (HK$)	Date of grant	Exercise period
Directors									
Ms. Wu Bijun	3,889,200	–	3,889,200	–	–	–	0.940	21 May 2018	Vesting date[1] – 20 May 2023
Mr. Li Changjiang	3,889,200	–	3,889,200	–	–	–	0.940	21 May 2018	Vesting date[1] – 20 May 2023
Mr. Xiao Hua	1,428,600	–	1,428,600	–	–	–	0.940	21 May 2018	Vesting date[1] – 20 May 2023
Mr. Guo Zhanjun	1,409,700	–	1,409,700	–	–	–	0.940	21 May 2018	Vesting date[1] – 20 May 2023
Sub-total of Directors	10,616,700	–	10,616,700	–	–	–			
Nine employee participants	14,217,300	–	11,766,300	–	–	2,451,000	0.940	21 May 2018	Vesting date[1] – 20 May 2023
Two related entity participants[2]	17,501,400	–	17,501,400	–	–	–	0.940	21 May 2018	Vesting date[1] – 20 May 2023
Sub-total of eligible participants (other than Directors)	31,718,700	–	29,267,700	–	–	2,451,000			
Total	42,335,400	–	39,884,400	–	–	2,451,000			

Notes:

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

(2) The rationale for granting the share options to the two related entity participants (who were responsible for monitoring the property management business of the Group and providing management advice and support to the Company before the spin-off from CG Holdings) was to recognise their contribution to the Group prior to the spin-off from CG Holdings and separate listing of the Company. For details of each of the grantees who have been granted share options under the Pre-Listing Share Option Scheme, please refer to the section headed "Appendix VI — General Information — D. Pre-Listing Share Option Scheme" of the listing document of the Company dated 6 June 2018.

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

(4) The expense of share options charged to profit or loss for the year ended 31 December 2021 was approximately RMB0.8 million (2020: RMB6.7 million). The relevant accounting policy is described in Note 29 "Share-based payments" to the consolidated financial statements of the Company for the year ended 31 December 2021.

(b) Share Option Scheme

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

(i) Purpose

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

(ii) Eligible participants

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

(iii) Total number of Shares available for issue

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

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

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

As at 31 December 2021, a total of 62,959,000 Shares (including options to subscribe for 53,279,000 Shares that have been granted but not yet lapsed or exercised) (representing approximately 1.87% of the issued share capital of the Company as at the date of this report) were available for issue under the Share Option Scheme.

(iv) Maximum entitlement to options of each eligible participant

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

(v) Exercise period of options

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

(vi) Payment on acceptance of option offer

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

(vii) Basis for determining the exercise price

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

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

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

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

(viii) Remaining life of the scheme

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

On 28 September 2020 and 23 March 2021, the Company granted share options to a total of 71 eligible participants, including 63 participants who were employees (other than Directors) at the time of grant, four Directors and four service providers.

During the year ended 31 December 2021, details of movements in the share options under the Share Option Scheme are as follows:

Category and name of grantee	Options to subscribe for Shares Outstanding as at 1 January 2021	Granted during the Year[4] [6]	Exercised during the Year	Cancelled during the Year	Lapsed during the Year	Outstanding as at 31 December 2021	Exercise price per Share (HK$)	Date of grant	Exercise period
Directors									
Mr. Yang Zhicheng	4,000,000	–	1,600,000	–	–	2,400,000	50.07	28 September 2020	Vesting date[1] – 27 September 2025[8]
Mr. Li Changjiang	7,000,000	–	1,210,000	–	–	5,790,000	50.07	28 September 2020	Vesting date[1] – 27 September 2025[8]
Mr. Xiao Hua	2,200,000	–	680,000	–	–	1,520,000	50.07	28 September 2020	Vesting date[1] – 27 September 2025[8]
Mr. Guo Zhanjun	2,000,000	–	800,000	–	–	1,200,000	50.07	28 September 2020	Vesting date[1] – 27 September 2025[8]
Sub-total of Directors	15,200,000	–	4,290,000	–	–	10,910,000			
Employee participants	46,700,000	–	11,451,000	–	360,000	34,889,000	50.07	28 September 2020	Vesting date[2] – 27 September 2025[8]
	–	1,600,000	–	–	800,000	800,000	72.40	23 March 2021	Vesting date[2] – 22 March 2026[8]
Service providers[3]	9,600,000	–	2,920,000	–	–	6,680,000	50.07	28 September 2020	Vesting date[1] – 27 September 2025[8]
Sub-total of eligible participants (other than Directors)	56,300,000	1,600,000	14,371,000	–	1,160,000	42,369,000	50.07		
Total	71,500,000	1,600,000	18,661,000	–	1,160,000	53,279,000			

Notes:

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

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

* *Service providers (all being consultants of the Company) represent persons who continuously or regularly provide services to the Group in the ordinary course of its business and who are indeed essential to the long-term growth of the Group. For the avoidance of doubt, service providers exclude placing agents or financial advisors providing consulting services for financing, mergers or acquisitions or consultants providing professional services to the Group.*

(3) The rationale for granting of the share options by the Group to the four service providers on 28 September 2020 was (i) to reward each of them for their respective contribution to the Group, such as providing the Group with objective advices and professional guidance to the Group based on their respective extensive experience or introducing potential projects and favourable business relations to the Group based on the Group's business development needs, and (ii) to attract each of them to continue to serve the Group by acting as a consultant of the Group, which will enhance the long-term and stable development of the Group. In addition, the terms and vesting conditions of the share options granted to the service providers are the same as those of the share options granted to the employees of the Group, including that the Group shall achieve a certain level of net profit growth and the service providers shall achieve their respective annual performance goals. In 2021, one service provider became an employee of the Group, and another service provider became an employee of the Group during the period from January to November 2021 and thereafter continued to be a service provider of the Group. They have been granted share options for 400,000 Shares in total. Apart from this, the relevant terms of the share options including the exercise price, vesting conditions and vesting date remain unchanged. For such service providers, the outstanding share options as at 1 January 2021 were 400,000 Shares. During the Year, share options for 40,000 shares were exercised, and the outstanding share options as at 31 December 2021 were 360,000 Shares. No share options were granted, cancelled or lapsed during the Year.

(4) On 23 March 2021, the Company granted share options to eligible participants (all being employees of the Group) to subscribe for 1,600,000 Shares in total in accordance with the terms of the Share Option Scheme. Such share options had a fair value of approximately RMB21,181,340 on the date of grant. On 28 September 2020, the Company granted share options to eligible participants to subscribe for 71,500,000 Shares in total in accordance with the terms of the Share Option Scheme. Such share options had a fair value of approximately RMB530,706,000 on the date of grant.

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

(6) On 23 March 2021, the Company granted share options to eligible participants to subscribe for 1,600,000 Shares in total in accordance with the terms of the Share Option Scheme. The closing price of the Shares immediately preceding the date of grant of 23 March 2021 is HK$69.2.

(7) The expense of share options charged to profit or loss for the year ended 31 December 2021 was approximately RMB216.5 million (for the corresponding period in 2020: RMB227 million). The relevant accounting policy is described in Note 29 "Share-based payments" to this report.

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

During the reporting period, the Company allotted and issued 18,661,000 Shares in connection with the exercise of options by certain eligible grantees, with the weighted average closing price of the Shares on the dates immediately preceding the dates of exercise of 26 May, 27 May, 28 May, 31 May, 1 June, 8 June, 9 June, 10 June, 11 June, 18 June, 23 June, 24 June, 25 June, 29 June, 30 June, 7 July and 22 October of HK$78.58 per Share. In particular, (i) for the allotment and issue of 4,290,000 Shares in connection with the exercise of options by Directors, the weighted average closing price of the Shares on the dates immediately preceding the dates of exercise of options of 9 June, 11 June, 18 June, 23 June, 24 June, 25 June, 7 July and 22 October was HK$76.02 per Share; (ii) for the allotment and issue of 11,451,000 Shares in connection with the exercise of options by the then employees (at the time of grant) (other than Directors), with the weighted average closing price of the Shares on the dates immediately preceding the dates of exercise of 26 May, 27 May, 28 May, 31 May, 1 June, 8 June, 9 June, 10 June, 11 June, 23 June, 24 June, 25 June, 29 June, 30 June and 22 October of HK$79.40 per Share; and (iii) for the allotment and issue of 2,920,000 Shares in connection with the exercise of options by service providers, the weighted average closing price of the Shares on the dates immediately preceding the dates of exercise of options of 26 May, 27 May, 28 May, 24 June, 25 June, 30 June and 7 July was HK$79.14 per Share.

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

EQUITY FUND-RAISING ACTIVITIES AND USES OF PROCEEDS

Placing of New Shares Under the General Mandate in December 2020

On 11 December 2020, the Company and China International Capital Corporation Hong Kong Securities Limited ("**CICC**"), J.P. Morgan Securities Plc and UBS AG Hong Kong Branch ("**UBS**") (collectively, the "**Placing Agents**"), entered into a placing agreement (the "**2020 Placing and Subscription Agreement**"), pursuant to which the Company conditionally agreed to appoint the Placing Agents, and the Placing Agents, on a several (not joint nor joint and several) basis, conditionally agreed to act as agents for the Company, and to procure, on a fully underwritten basis, placees (not less than six placees, who/which would be professional, institutional and/or other investors) to subscribe for (or failing which, to purchase themselves as principals) an aggregate of 173,000,000 Shares at a price of HK$45.00 per Share (the "**Placing Share(s)**"). In accordance with the 2020 Placing and Subscription Agreement, the Placing Agents have procured the placing of the Placing Shares to no less than six placees, who/which would be professional, institutional and/or other investors. The 2020 Placing Shares have a total nominal value of US$17,300 and a market value of approximately HK$8,165,600,000, based on the closing price of the Shares of HK$47.20 per Share on 11 December 2020. The net price per Placing Share is estimated to be approximately HK$44.77. On 18 December 2020, the Company issued 173,000,000 Shares at a subscription price of HK$45.00 per Share and completed the placing of existing Shares and the allotment and issue of the subscription shares under the general mandate, with net proceeds of approximately HK$7,745 million.

The Directors consider that the placing represents an opportunity to raise capital for the Company while broadening its shareholder and capital base. The Directors are of the view that the placing will strengthen the financial position and liquidity of the Group and provide funding to the Group for working capital and future development purposes without incurring interest costs.

Placing of New Shares Under the General Mandate in May 2021

On 24 May 2021, the Company and UBS, CICC and Morgan Stanley & Co. International plc ("**Morgan Stanley**") (together, the "**May 2021 Placing Agents**") entered into a placing agreement (the "**May 2021 Placing Agreement**"), pursuant to which the Company conditionally agreed to appoint the May 2021 Placing Agents, and the May 2021 Placing Agents, on a several (not joint nor joint and several) basis, conditionally agreed to act as placing agents for the Company, and to procure, on a fully underwritten basis, placees to subscribe for (or failing which, to purchase themselves as principals) an aggregate of 139,380,000 shares (the "**May 2021 Placing Shares**") at a price of HK$75.25 per Share (the "**May 2021 Placing**"). In accordance with the May 2021 Placing Agreement, the May 2021 Placing Agents procured the placing of the May 2021 Placing Shares to no less than six placees, who/which are professional, institutional and/or other investors. The gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the May 2021 Placing are approximately HK$10,488.3 million and approximately HK$10,424.1 million, respectively. The May 2021 Placing Shares have a total nominal value of US$13,938 and a market value of approximately HK$11,157,369,000, based on the closing price of the Shares of HK$80.05 per Share on 24 May 2021. The net price per May 2021 Placing Share was approximately HK$74.79. The conditions precedent to the May 2021 Placing have been satisfied. On 1 June 2021, the Company issued 139,380,000 Shares at a subscription price of HK$75.25 per share under the general mandate granted to the Directors to issue up to 550,707,960 Shares at the annual general meeting of the Company held on 16 June 2020.

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

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

Issue of Convertible Bonds under the General Mandate

On 24 May 2021, the Company, Best Path Global Limited (the "**Issuer**", a wholly-owned subsidiary of the Company), UBS, CICC and Morgan Stanley as the managers (the "**Managers**") entered into an agreement in relation to the issue of convertible bonds (the "**Agreement**"), pursuant to which the Managers, severally and not jointly, agreed to subscribe for, or to procure subscribers to subscribe for, the convertible bonds to be issued by the Issuer (the "**Bonds**") in the aggregate principal amount of HK$5,038 million. The Bonds are interest-free, unsecured, and unconditionally and irrevocably guaranteed by the Company.

Based on an initial conversion price of HK$97.83 per Share and assuming full conversion of the Bonds at the initial conversion price, the Bonds will be convertible into 51,497,495 Shares, representing approximately 1.68% of the then issued share capital of the Company and approximately 1.65% of the then issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the Bonds. Shares which may fall to be allotted and issued upon the full conversion of the Bonds (the "**Conversion Shares**") will be issued under the general mandate granted to the Directors to issue up to 550,707,960 Shares at the annual general meeting of the Company held on 16 June 2020. The May 2021 Conversion Shares have a total nominal value of US$5,149.7495 and a market value of approximately HK$4,122,374,474.75, based on the closing price of the Shares of HK$80.05 per Share on 24 May 2021. There are no less than six subscribers of the Bonds, and none of them or their ultimate beneficial owners is a connected person of the Company (as defined in the Listing Rules).

The conditions precedent set out in the Agreement have been satisfied. The gross proceeds from the issue of the Bonds are HK$5,038 million, and the net proceeds (after deducting the relevant expenses and professional fees) are approximately HK$5,002.8 million. The net price per Conversion Share is approximately HK$97.15. The Company intends to use the net proceeds for investments in potential future merger and acquisition projects relating to the principal activities of the Group, expansion in respect of new businesses including commercial management services, asset management services and life services, working capital and general corporate purposes. The Listing Committee of the Stock Exchange has approved the listing of and trading in the Conversion Shares and the Bonds have been listed and quoted on the Singapore Exchange Limited ("**SGX**"), and its offering circular is available on the website of the SGX.

The net proceeds from the issue of the Bonds will provide further sufficient support and flexibility for the Group's business to grow rapidly and the achievement of the corporate vision of "building a world-leading new property service group".

Placing of New Shares Under the General Mandate in November 2021

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

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

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

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

The actual or proposed uses of the proceeds from the above equity fund-raising activities are in line with the plan disclosed by the Company, and details of the proposed and actual uses of the proceeds are as follows:

Date of announcement	Fund-raising activity	Net proceeds	Proposed use of proceeds	Actual use of proceeds during the Year
11 December 2020 and 18 December 2020	Placing of New Shares Under the General Mandate in December 2020	Approximately HK$7,745 million	Investments in potential future merger and acquisition, strategic investments, working capital and general corporate purposes	As at the date of this report, the Group has fully utilized such placing proceeds of approximately HK$7,745 million, of which approximately HK$7,741.99 million has been utilized for mergers and acquisitions and approximately HK$3.01 million as working capital.
24 May 2021, 25 May 2021 and 9 June 2021	Issue of Convertible Bonds under the General Mandate	Approximately HK$5,002.8 million	Investments in potential future merger and acquisition projects relating to the principal activities of the Group, expansion in respect of new businesses including commercial management services, asset management services and life services, working capital and general corporate purposes	As at the date of this report, the Group has fully utilized such issue proceeds of approximately HK$5,002.8 million, of which approximately HK$4,253.55 million has been utilized for mergers and acquisitions, approximately HK$724.40 million for expansion in respect of new businesses and approximately HK$24.85 million as working capital.
24 May 2021, 25 May 2021 and 1 June 2021	Placing of New Shares Under the General Mandate in May 2021	Approximately HK$10,424.1 million	Investments in potential future merger and acquisition projects relating to the principal activities of the Group, expansion in respect of new businesses including commercial management services, asset management services and life services, working capital and general corporate purposes	As at the date of this report, the Group has fully utilized such placing proceeds of approximately HK$10,424.1 million, of which approximately HK$10,327.95 million has been utilized for mergers and acquisitions, approximately HK$88.14 million for expansion in respect of new businesses and approximately HK$8.01 million as working capital.
18 November 2021 and 26 November 2021	Placing of New Shares Under the General Mandate in November 2021	Approximately HK$8,002.12 million	Investments in potential future merger and acquisition projects relating to the principal activities of the Group, expansion in respect of new businesses including commercial and office building services, commercial management services, city services and life services, refinancing and working capital purposes	As at the date of this report, the Group has utilized placing proceeds of approximately HK$1,268.89 million (representing approximately 15.86% of the net placing proceeds), of which approximately HK$1,148.99 million has been utilized for mergers and acquisitions, approximately HK$112.24 million for expansion in respect of new businesses, and approximately HK$7.66 million as working capital. (Note)

During the year ended 31 December 2021, save as disclosed above, the Company had not conducted any other equity fund-raising activity.

Note:

The remaining unutilized amount of the Group of approximately HK$6,733.23 million (representing approximately 84.14% of the net placing proceeds) is expected to be utilized for investment in merger and acquisition projects, expansion in respect of new businesses and refinancing by 31 December 2022.

CORPORATE GOVERNANCE

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

COMPLIANCE WITH LAWS AND REGULATIONS

During the Year, the Group was subject to a number of laws and regulations, mainly including the Civil Code of the PRC, the Property Law of the PRC, the Property Management Regulations, the Measures for the Management of Property Service Charge, the Regulations on Property Management Service Fee with Clear Price Tag, the Interim Measures for Bid-Inviting and Bidding Management of Preliminary Property Management, the Bid-Inviting and Bidding Law of the PRC, the Environment Protection Law of the PRC, the Production Safety Law of the PRC, the Fire Prevention Law of the PRC, the Land Administration Law of the PRC, the Urban Real Estate Administration Law of the PRC, the Administrative Measures for Real Estate Brokerage, the Labour Law of the PRC, the Labour Contract Law of the PRC, the Implementation Regulations for the Labour Contract Law of the PRC, the Social Security Law of the PRC, the Regulations on the Administration of Security Services and the Regulations on Safety Supervision of Special Equipment, etc.

During the year ended 31 December 2021, the Group's business had complied with the relevant laws and regulations in all material respects and there were no material violations or contraventions of any laws or regulations applicable to the Group which may have a material adverse impact on the Group's business or financial position as a whole.

SUFFICIENCY OF PUBLIC FLOAT

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

PRE-EMPTIVE RIGHTS

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

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

During the year ended 31 December 2021, the Company repurchased a total of 12,282,000 Shares on the Hong Kong Stock Exchange at a total consideration of HK$714,509,300 (before expenses). All the Shares repurchased were subsequently cancelled during the Year. Details of the Shares repurchased during the Year were as follows:

Month	Number of Shares repurchased	Purchase price per Share Highest HK$	Lowest HK$	Total consideration (before expenses) HK$
August 2021	9,022,000	60.95	59.05	542,061,750
September 2021	1,181,000	62.25	60.40	72,634,300
November 2021	415,000	47.20	46.85	19,505,900
December 2021	1,664,000	52.70	46.20	80,307,350
	12,282,000			714,509,300

The purpose of such Share repurchase was to increase the earnings per Share of the Company and reflect the Company's confidence in the long-term prospects of the business and was beneficial to all Shareholders. As at 31 December 2021, the total number of Shares in issue of the Company was 3,366,067,903 Shares.

Save as disclosed above, during the year ended 31 December 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDITOR

The consolidated financial statements for the year ended 31 December 2021 have been audited by PricewaterhouseCoopers. A resolution on the re-appointment of PricewaterhouseCoopers as the Company's auditor for the ensuing year will be proposed at the forthcoming annual general meeting of the Company (the "**2022 AGM**").

TAX RELIEF AND EXEMPTION AND CONSULTING PROFESSIONAL TAX ADVISERS

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

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the eligibility of the shareholders to attend, speak and vote at the 2022 AGM, and the eligible shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed as appropriate as set out below:

(i) For determining the shareholders' eligibility to attend, speak and vote at the 2022 AGM:

Latest time to lodge transfer documents for registration with the Company's Hong Kong branch share registrar and transfer office	At 4:30 p.m. on Monday, 23 May 2022
Record date	Tuesday, 24 May 2022
Closure of the register of members of the Company	From Tuesday, 24 May 2022 to Friday, 27 May 2022 (both days inclusive)

(ii) Subject to the passing of the proposal for distributing the final dividend at the 2022 AGM, for determining the eligible shareholders' entitlement to the proposed final dividend:

Latest time to lodge transfer documents for registration with the Company's Hong Kong branch share registrar and transfer office	At 4:30 p.m. on Thursday, 2 June 2022
Closure of the register of members of the Company	From Monday, 6 June 2022 to Tuesday, 7 June 2022 (both days inclusive)
Record date	Tuesday, 7 June 2022

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

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

Foshan, China, 29 March 2022

INDEPENDENT AUDITOR'S REPORT

pwc 羅兵咸永道

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

Opinion

What we have audited

The consolidated financial statements of Country Garden Services Holdings Company Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 104 to 198, comprise:

- the consolidated balance sheet as at 31 December 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

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

Independence

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

Key Audit Matters

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

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of the expected credit losses of trade receivables Refer to note 3.1.1 'Credit risk', note 4 'Critical accounting estimates and judgments' and note 23 'Trade and other receivables' to the consolidated financial statements. As at 31 December 2021, the gross balance of trade receivables amounted to RMB10,568,503,000, which represented approximately 15.8% of the total assets of the Group. Management has assessed the expected credit losses of the trade receivables and RMB280,150,000 of loss allowance was made against the trade receivables as at 31 December 2021. Management assessed the expected credit losses of trade receivables based on assumptions about risk of default and expected credit loss rates. The Group used judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, aging profile of the receivables, existing market conditions as well as forward looking estimates at the end of each reporting period, which are subject to high degree of estimation uncertainty. The inherent risk in relation to the assessment of the expected credit losses of trade receivables is considered relatively higher due to uncertainty of significant assumptions used. Given the magnitude of the balance of trade receivables and that the assessment of the expected credit losses of trade receivables involved significant judgments and estimates made by management, which in turn led to high degree of auditor judgment and significant audit effort in evaluating the audit evidence related to the assessment of the expected credit losses of trade receivables, we consider the assessment of the expected credit losses of trade receivables a key audit matter.	We have performed the following procedures to address this key audit matter: (i) Obtained an understanding of management's assessment process of expected credit losses of trade receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty, complexity, subjectivity and other inherent risk factors. (ii) Understood, evaluated and validated management's key controls in relation to the assessment of the expected credit losses of trade receivables. (iii) Assessed the appropriateness of the credit loss provisioning model and methodology adopted by management with the involvement of our in-house valuation experts. (iv) Challenged the reasonableness of the estimated credit loss rates by considering historical cash collection and movements of the aging of trade receivables, and taking into account the market conditions as well as forward looking information. (v) Tested, on a sample basis, the accuracy of aging report of trade receivables prepared by management. (vi) Checked the mathematical accuracy of the calculation of the provision for loss allowance. We found that the significant judgments and estimates made by management in relation to the assessment of the expected credit losses of trade receivables were supportable by available evidences.

Key Audit Matter	How our audit addressed the Key Audit Matter
Purchase price allocation for business combinations Refer to note 4 'Critical accounting estimates and judgments', note 17 'Intangible assets' and note 37 'Business combinations' to the consolidated financial statements. During the year ended 31 December 2021, the Group acquired several property management and other companies. Management has engaged an independent qualified valuer to assist them in identifying intangible assets and to perform the valuations of the identifiable assets and liabilities of the acquired companies at their respective acquisition dates and, based on which, management performed a purchase price allocation exercise for each acquisition, which resulted in recognition of other intangible assets of RMB7,075,011,000, mainly representing the identified contracts and customer relationships and brand, and goodwill of RMB14,932,793,000. Significant judgments and estimates were involved in the fair value assessment of the identifiable assets and liabilities and the recognition of other intangible assets and goodwill arising from the business combinations. These significant judgments and estimates include the adoption of appropriate valuation models and methodologies and the use of key assumptions in the valuation (mainly gross profit margins, earnings before interest, tax, depreciation and amortisation ("EBITDA") margins, discount rates and expected useful lives of the identified other intangible assets), which are subject to high degree of estimation uncertainty. The inherent risk in relation to the purchase price allocation for business combinations is considered significant due to uncertainty of significant assumptions used. We consider this area a key audit matter given the magnitude of the identified intangible assets and goodwill recognised arising from the business combinations, and the significant judgments and estimates involved in the fair value assessment of the identified intangible assets and the recognition of goodwill arising from the business combinations, which in turn led to high degree of auditor judgment and significant audit effort in evaluating the audit evidence related to the purchase price allocation for business combinations.	We have performed the following procedures to address this key audit matter: (i) Obtained an understanding of management's assessment process of purchase price allocation for business combinations and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty, complexity, subjectivity and other inherent risk factors. (ii) Understood, evaluated and validated management's key controls in relation to the purchase price allocation for business combinations. (iii) Assessed the competency, capabilities and objectivity of the external valuer engaged by management. (iv) Obtained the valuation reports in relation to the purchase price allocation for the business combinations, and assessed the appropriateness of the valuation models and methodologies adopted by management and the reasonableness of discount rates used by management with the involvement of our in-house valuation experts. (v) Challenged and assessed the reasonableness of the key assumptions used in the cash flow forecasts for the valuation of the identified other intangible assets. For gross profit margins, EBITDA margins and the expected useful lives of the identified other intangible assets, we compared these assumptions with the relevant historical data of these acquired companies and market data, where applicable. (vi) Evaluated the reasonableness of the sensitivity analysis performed by management on the key assumptions to understand the impact of reasonable changes in assumptions on the identified other intangible assets and goodwill. (vii) Checked the mathematical accuracy of the calculations of the fair value of the identified other intangible assets and goodwill. We found that the significant judgments and estimates involved in the fair value assessment of the identified intangible assets and the recognition of goodwill arising from the business combinations were supportable by available evidences.

Key Audit Matter	How our audit addressed the Key Audit Matter
Goodwill impairment assessment Refer to note 4 'Critical accounting estimates and judgments' and note 17 'Intangible assets' to the consolidated financial statements. As at 31 December 2021, the Group had goodwill of RMB19,289,020,000 which accounted for approximately 28.9% of the total assets of the Group. For the purposes of goodwill impairment assessment, management considered each of the acquired companies as a separate group of cash-generated-units ("CGU") and goodwill has been allocated to each of the acquired companies accordingly. Management assessed the impairment of goodwill by determining the recoverable amounts of the CGU to which goodwill has been allocated based on value-in-use calculation. The value-in-use calculation requires the Group to forecast the future cash flows expected to arise from the CGU based on the financial budgets approved by management. Management has engaged an independent qualified valuer to assist them in the value-in-use calculation. Significant judgments and estimates were involved in the goodwill impairment assessment. These significant judgments and estimates include the adoption of appropriate model and methodology to perform goodwill impairment assessment and the use of key assumptions in the value-in-use calculation, which primarily include annual revenue growth rates, gross profit margins, EBITDA margins, terminal growth rate and discount rates. The judgments and estimates are subject to high degree of estimation uncertainty. The inherent risk in relation to the goodwill impairment assessment is considered significant due to uncertainty of significant assumptions used. We consider this area a key audit matter due to the significance of the goodwill balance and the significant judgments and estimates made by management in the goodwill impairment assessment, which in turn led to high degree of auditor judgment and significant audit effort in evaluating the audit evidence related to the goodwill impairment assessment.	We have performed the following procedures to address this key audit matter: (i) Obtained an understanding of management's assessment process of goodwill impairment and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty, complexity, subjectivity and other inherent risk factors. (ii) Understood, evaluated and validated management's key controls in relation to the goodwill impairment. (iii) Assessed the appropriateness of the Group's identification of the CGU and allocation of goodwill based on the Group's accounting policies and our understanding of the Group's business. (iv) Assessed the competency, capabilities and objectivity of the external valuer engaged by management. (v) Obtained management's assessment on goodwill impairment and assess the appropriateness of the model and methodology adopted by management to perform goodwill impairment assessment and the discount rates used by management, with the involvement of our in-house valuation experts. (vi) Challenged and assessed the reasonableness of the key assumptions used in the value-in-use calculation. For the annual revenue growth rates, gross profit margins and EBITDA margins, we compared them with the relevant historical data of these companies and market data, where applicable; for the terminal growth rate, we assessed it with reference to the long-term expected inflation rate based on our independent research. (vii) Performed a retrospective review by comparing the prior year's cash flow forecasts with the current year's results to assess the reliability and historical accuracy of management's forecasting process. (viii) Evaluated the reasonableness of the sensitivity analysis performed by management on the key assumptions to understand the impact of reasonable changes in assumptions on the recoverable amount. (ix) Checked the mathematical accuracy of the calculations of the goodwill impairment assessment. We found that the significant judgments and estimates involved in the goodwill impairment assessment were supportable by available evidences.

Other Information

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

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

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

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

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 March 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2021 RMB'000	2020 RMB'000
Revenue	5	**28,843,011**	15,600,421
Cost of services	8	**(19,594,401)**	(10,194,566)
Cost of sales of goods	8	**(384,613)**	(106,087)
Gross profit		**8,863,997**	5,299,768
Selling and marketing expenses	8	**(337,625)**	(135,755)
General and administrative expenses	8	**(3,259,384)**	(1,950,478)
Net impairment losses on financial assets	8	**(188,276)**	(98,131)
Other income	6	**198,608**	121,053
Other gains — net	7	**451,946**	394,025
Operating profit		**5,729,266**	3,630,482
Finance income	10	**123,212**	158,446
Finance costs	10	**(221,060)**	(114,757)
Finance (costs)/income — net	10	**(97,848)**	43,689
Share of results of investments accounted for using the equity method	19	**41,421**	40,556
Profit before income tax		**5,672,839**	3,714,727
Income tax expense	11	**(1,323,386)**	(933,070)
Profit for the year		**4,349,453**	2,781,657
Profit attributable to:			
— Owners of the Company		**4,033,395**	2,686,128
— Non-controlling interests		**316,058**	95,529
		4,349,453	2,781,657
Other comprehensive income			
Items that may be reclassified to profit or loss:			
— Currency translation differences	27	**(3,508)**	(13,070)
Items that will not be reclassified to profit or loss:			
— Changes in fair value of financial assets at fair value through other comprehensive income	27	**(64,462)**	—
Total other comprehensive income for the year, net of tax		**(67,970)**	(13,070)
Total comprehensive income for the year		**4,281,483**	2,768,587
Total comprehensive income attributable to:			
— Owners of the Company		**3,965,425**	2,673,058
— Non-controlling interests		**316,058**	95,529
		4,281,483	2,768,587
Earnings per share for profit attributable to owners of the Company (expressed in RMB cents per share)			
— Basic	12	**128.42**	97.62
— Diluted	12	**128.01**	96.32

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

CONSOLIDATED BALANCE SHEET

	Note	At 31 December 2021 RMB'000	2020 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**1,365,576**	1,249,074
Right-of-use assets	15	**263,688**	130,360
Investment properties	16	**936,082**	—
Intangible assets	17	**27,944,798**	6,176,273
Investments accounted for using the equity method	19	**397,750**	312,220
Financial assets at fair value through other comprehensive income	21	**4,164,466**	9,950
Contract assets	22	**390,725**	—
Deferred income tax assets	31	**149,177**	37,957
		35,612,262	7,915,834
Current assets			
Inventories		**210,514**	136,911
Trade and other receivables	23	**15,577,884**	5,243,515
Financial assets at fair value through profit and loss	24	**3,656,197**	2,566,122
Restricted bank deposits	25	**137,282**	126,271
Cash and cash equivalents	25	**11,618,619**	15,215,224
		31,200,496	23,288,043
Total assets		**66,812,758**	31,203,877

CONSOLIDATED BALANCE SHEET

	Note	At 31 December 2021 RMB'000	2020 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital and share premium	26	**27,202,614**	8,361,602
Other reserves	27	**468,640**	917,351
Retained earnings	28	**8,515,620**	5,286,787
		36,186,874	14,565,740
Non-controlling interests		**2,186,619**	1,593,298
Total equity		**38,373,493**	16,159,038
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	33	**442,175**	247,584
Lease liabilities	15	**931,685**	54,582
Deferred income tax liabilities	31	**2,274,849**	509,876
		3,648,709	812,042
Current liabilities			
Contract liabilities	5	**4,535,710**	2,581,933
Trade and other payables	30	**14,412,941**	7,475,622
Current income tax liabilities		**887,709**	553,601
Convertible bonds	32	**4,064,827**	3,202,538
Bank and other borrowings	33	**680,363**	361,815
Lease liabilities	15	**209,006**	57,288
		24,790,556	14,232,797
Total liabilities		**28,439,265**	15,044,839
Total equity and liabilities		**66,812,758**	31,203,877

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

The financial statements on pages 104 to 198 were approved by the Board of Directors on 29 March 2022 and were signed on its behalf.

LI Changjiang
Director

GUO Zhanjun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the Company					
	Note	Share capital and share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2020		1,756,918	531,581	3,084,657	5,373,156	306,370	5,679,526
Comprehensive income							
Profit for the year		–	–	2,686,128	2,686,128	95,529	2,781,657
Other comprehensive income		–	(13,070)	–	(13,070)	–	(13,070)
Total comprehensive income for the year ended 31 December 2020		–	(13,070)	2,686,128	2,673,058	95,529	2,768,587
Transactions with owners of the Company							
Issue of shares		6,526,267	–	–	6,526,267	–	6,526,267
Disposal of a subsidiary		–	–	–	–	(15)	(15)
Employee share schemes							
– value of employee services		–	233,749	–	233,749	–	233,749
– exercise of options		78,417	(36,819)	–	41,598	–	41,598
Capital injection from non-controlling interests		–	–	–	–	51,562	51,562
Transactions with non-controlling interests		–	931	–	931	(3,160)	(2,229)
Non-controlling interests arising from business combinations		–	–	–	–	1,158,175	1,158,175
Appropriation of statutory reserves		–	67,054	(67,054)	–	–	–
Equity component of convertible bonds		–	133,925	–	133,925	–	133,925
Dividends		–	–	(416,944)	(416,944)	(15,163)	(432,107)
Total transactions with owners		6,604,684	398,840	(483,998)	6,519,526	1,191,399	7,710,925
Balance at 31 December 2020		8,361,602	917,351	5,286,787	14,565,740	1,593,298	16,159,038
Balance at 1 January 2021		**8,361,602**	**917,351**	**5,286,787**	**14,565,740**	**1,593,298**	**16,159,038**
Comprehensive income							
Profit for the year		**–**	**–**	**4,033,395**	**4,033,395**	**316,058**	**4,349,453**
Other comprehensive income		**–**	**(67,970)**	**–**	**(67,970)**	**–**	**(67,970)**
Total comprehensive income for the year ended 31 December 2021		**–**	**(67,970)**	**4,033,395**	**3,965,425**	**316,058**	**4,281,483**
Transactions with owners of the Company							
Placing of shares	26(b)	**15,100,310**	**–**	**–**	**15,100,310**	**–**	**15,100,310**
Issuance of shares as a result of scrip dividend	13, 26	**26,080**	**–**	**–**	**26,080**	**–**	**26,080**
Buy-back of shares	26(c)	**(594,070)**	**–**	**–**	**(594,070)**	**–**	**(594,070)**
Employee share schemes							
– value of employee services	9	**–**	**217,348**	**–**	**217,348**	**–**	**217,348**
– exercise of options	26(a), 27	**971,095**	**(165,661)**	**–**	**805,434**	**–**	**805,434**
Capital injection from non-controlling interests		**–**	**–**	**–**	**–**	**8,983**	**8,983**
Transactions with non-controlling interests	36	**–**	**(499,361)**	**–**	**(499,361)**	**(135,376)**	**(634,737)**
Non-controlling interests arising from business combinations	37	**–**	**–**	**–**	**–**	**483,416**	**483,416**
Appropriation of statutory reserves		**–**	**101,493**	**(101,493)**	**–**	**–**	**–**
Equity component of convertible bonds	32	**–**	**99,365**	**–**	**99,365**	**–**	**99,365**
Conversion of convertible bonds	26, 32(a)	**3,337,597**	**(133,925)**	**–**	**3,203,672**	**–**	**3,203,672**
Dividends	13	**–**	**–**	**(703,069)**	**(703,069)**	**(79,760)**	**(782,829)**
Total transactions with owners		**18,841,012**	**(380,741)**	**(804,562)**	**17,655,709**	**277,263**	**17,932,972**
Balance at 31 December 2021		**27,202,614**	**468,640**	**8,515,620**	**36,186,874**	**2,186,619**	**38,373,493**

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 2021 RMB'000	2020 RMB'000
Cash flows from operating activities			
Cash generated from operations	34(a)	**4,754,727**	4,122,645
Income tax paid		**(1,347,354)**	(508,981)
Net cash generated from operating activities		**3,407,373**	3,613,664
Cash flows from investing activities			
Payments for acquisition of subsidiaries, net of cash acquired	37	**(16,672,838)**	(3,031,337)
Settlement of outstanding considerations payable for business combinations in prior years		**(786,901)**	(188,262)
Net cash outflow from disposal of subsidiaries		**—**	(15)
Dividends received from investment accounted for using the equity method	19	**6,289**	2,017
Payments for investments accounted for using the equity method	19	**(8,573)**	(184,606)
Payments for property, plant and equipment	14	**(363,341)**	(309,829)
Payments for investment properties	16	**(2,609)**	—
Payments for intangible assets	17	**(237,549)**	(35,618)
Payments for financial assets at fair value through profit or loss		**(5,413,027)**	(3,023,363)
Payments for financial assets at fair value through other comprehensive income	3.3	**(4,188,993)**	—
Proceeds from disposal of property, plant and equipment	34(c)	**158,108**	30,541
Proceeds from disposal of intangible assets		**14,289**	—
Proceeds from disposal of financial assets at fair value through profit or loss	3.3	**4,608,493**	1,950,052
Loans to third parties	23(b)	**(2,328,928)**	—
Interest received	10	**123,212**	158,446
Net cash used in investing activities		**(25,092,368)**	(4,631,974)
Cash flows from financing activities			
Net proceeds from issuance of convertible bonds	32, 34(d)	**4,114,311**	3,513,592
Proceeds from bank and other borrowings	34(d)	**552,277**	144,549
Issuance of shares pursuant to share option scheme	26(a)	**805,434**	41,598
Placing of shares	26(b)	**15,100,310**	6,526,267
Buy-back of shares	26(c)	**(594,070)**	—
Capital injection from non-controlling interests		**8,983**	51,562
Transactions of non-controlling interests	36	**(595,797)**	(2,229)
Principal elements of lease payments	34(d)	**(163,301)**	(67,381)
Repayments of bank and other borrowings	34(d)	**(128,538)**	—
Interest paid on leases	34(d)	**(41,958)**	(8,281)
Interest paid on bank and other borrowings	10	**(63,232)**	(5,407)
Dividends paid to owners of the Company	13	**(676,989)**	(416,944)
Dividends paid to non-controlling interests		**(19,873)**	(15,163)
Net cash generated from financing activities		**18,297,557**	9,762,163
Net (decrease)/increase in cash and cash equivalents		**(3,387,438)**	8,743,853
Cash and cash equivalents at beginning of the year		**15,215,224**	6,914,148
Effects of exchange rate changes on cash and cash equivalents		**(209,167)**	(442,777)
Cash and cash equivalents at end of the year		**11,618,619**	15,215,224

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

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

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

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

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

These consolidated financial statements for the year ended 31 December 2021 are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 29 March 2022.

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. The consolidated financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

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

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

(a) The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2021:

- Interest rate benchmark reform — phase 2 — Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16

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

2 Summary of significant accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.1 Changes in accounting policies

(b) Except for Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16, 'Interest rate benchmark and interpretation reform — phase 2', which become effective this year, new and revised standards and amendments and interpretations to existing standards that have been issued and relevant to the Group but are not effective for the financial year beginning on 1 January 2021 and have not been early adopted are as follows:

		Effective for annual periods beginning on or after
Amendments to HKFRS 16	COVID-19 — Related rent concessions beyond 30 June 2021	1 April 2021
Amendments to Accounting Guideline 5	Merger accounting for common control combinations	1 January 2022
Amendments to HKAS 16	Property, plant and equipment — proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous contracts — cost of fulfilling a contract	1 January 2022
Amendments to HKFRS 3	Reference to the conceptual framework	1 January 2022
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow — scope amendments (amendments)	1 January 2022
Annual Improvements	Annual improvements to HKFRS Standards 2018–2020 cycle	1 January 2022
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of financial statements — classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to HKAS 8	Definition of accounting estimates	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The above new and amended standards and interpretations to existing standards are effective for annual periods beginning after 1 January 2022 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

2 Summary of significant accounting policies *(Continued)*

2.2 Principles of consolidation and equity accounting

2.2.1 Subsidiaries

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

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

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

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

2.2.2 Associates

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

2.2.3 Joint arrangements

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

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

2.2.4 Equity method

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

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

2 Summary of significant accounting policies *(Continued)*

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

2.2.4 Equity method *(Continued)*

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

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

2.2.5 Changes in equity interests

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

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

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

2.3 Business combination

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

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

2 Summary of significant accounting policies *(Continued)*

2.3 Business combination *(Continued)*

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

Acquisition-related costs are 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.

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

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

2.4 Separate financial statements

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

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

2 Summary of significant accounting policies *(Continued)*

2.5 Segment reporting

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

2.6 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

(c) Group companies

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

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

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

2 Summary of significant accounting policies *(Continued)*

2.7 Property, plant and equipment

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

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

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

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

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

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

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

2.8 Investment properties

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

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

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

2 Summary of significant accounting policies *(Continued)*

2.9 Intangible assets

(a) Goodwill

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

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

(b) Software

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

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

(c) Contracts and customer relationships

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

(d) Insurance brokerage license

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

(e) Brand

Brand acquired in the business combination is recognised at fair value at the acquisition date. It has a finite useful life and is subsequently carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over the expected useful lives of 10 years.

2 Summary of significant accounting policies *(Continued)*

2.9 Intangible assets *(Continued)*

(f) Concession intangible assets

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

2.10 Impairment of non-financial assets

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

2.11 Investments and other financial assets

2.11.1 Classification

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

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

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

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

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

2 Summary of significant accounting policies *(Continued)*

2.11 Investments and other financial assets *(Continued)*

2.11.2 Recognition and derecognition

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

2.11.3 Measurement

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

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

Debt instruments

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

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

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

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

2 Summary of significant accounting policies *(Continued)*

2.11 Investments and other financial assets *(Continued)*

2.11.3 Measurement *(Continued)*

Equity instruments

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

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

2.12 Offsetting financial instruments

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

2.13 Impairment of financial assets

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

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

2.14 Inventories

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

2.15 Trade and other receivables

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

2 Summary of significant accounting policies *(Continued)*

2.15 Trade and other receivables *(Continued)*

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 20 for further information about the Group's accounting for trade receivables and note 3.1.1 for a description of the Group's impairment policies.

2.16 Cash and cash equivalents and restricted cash

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

2.17 Share capital

Ordinary shares are classified as equity.

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

2.18 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.19 Borrowings

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

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

2 Summary of significant accounting policies *(Continued)*

2.19 Borrowings *(Continued)*

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

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

2.20 Borrowing costs

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

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

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

2.21 Convertible bonds

The fair value of the liability portion of a convertible bond is determined using a market interest rate for a non-convertible bond with similar terms. This amount is recorded as a liability on an amortised cost basis until conversion or maturity of the bonds. The remaining of the proceeds is allocated to the conversion option, which is recognised and included in shareholders' equity. Any directly attributable transaction costs are allocated to the liability and equity component in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a convertible bond is measured at amortised cost using the effective interest method. The equity component of a convertible bond is not re-measured subsequent to initial recognition except on conversion or expiry.

2.22 Current and deferred income tax

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

(a) Current income tax

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

2 Summary of significant accounting policies *(Continued)*

2.22 Current and deferred income tax *(Continued)*

(b) Deferred income tax

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

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

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

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

2.23 Employee benefits

(a) Pension obligations

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

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

2 Summary of significant accounting policies *(Continued)*

2.23 Employee benefits *(Continued)*

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

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

(c) Termination benefits

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

(d) Employee leave entitlements

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

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

2.24 Share-based payments

Share-based compensation benefits are provided to employees via the Company's share option scheme. Information relating to the scheme is set out in note 29. The fair value of the employee service received in exchange for the grant of the options is recognised as an expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

(i) Including any market performance conditions (e.g. the entity's share price);

(ii) Excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

(iii) Including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

2 Summary of significant accounting policies *(Continued)*

2.24 Share-based payments *(Continued)*

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

The grant by the Company of its options to the employees of the subsidiaries of the Group is treated as a capital contribution. The Group recognised the share-based compensation expenses in "General and administrative expenses" for the share options granted to the directors, senior management and employees of the Group and recognised as a deemed distribution to the shareholders in equity (recorded in "Other reserves") for the share options granted to the directors and senior management of related companies, who did not provide significant services to the Group. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity in the parent entity accounts.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the share options are exercised, the Group issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

2.25 Provisions

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

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

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

2 Summary of significant accounting policies *(Continued)*

2.26 Revenue recognition, contract assets and contract liabilities

The Group provides property management services, community value-added services, value-added services to non-property owners, heat supply services, city services and commercial operational services. Revenue from providing services is recognised in the accounting period in which the services are rendered.

For property management, heat supply services, city services and commercial operational services, the Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

For property management services income from properties managed under lump sum basis, where the Group acts as principal and is primary responsible for providing the property management services to the property owners, the Group recognises the fee received or receivable from property owners as its revenue and all related property management costs as its cost of sales. For property management services income from properties managed under commission basis, the Group recognises the commission, which is calculated by certain percentage of the total property management fee received or receivable from the property units, as its revenue for arranging and monitoring the services as provided by other suppliers to the property owners.

Value-added services to non-property owners mainly include consultancy services to property developers or other property management companies, cleaning, greening, repair and maintenance services, sales of goods, leasing agency services for unsold parking spaces and properties to property developers at the pre-delivery stage, and agency sales for Parking Spaces and unsold properties. The Group agrees the price for each service with the customers upfront and issue the monthly bill to the customers which varies based on the actual level of service completed in that month.

Community value-added services mainly include home living services, home decoration services, real estate brokerage services, community media services, local life services, community area services, insurance brokerage services and sales of goods. Revenue from real estate brokerage services, insurance brokerage services and sales of goods is recognised at a point in time. Revenues from other services is recognised when the related community value-added services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered to the customer.

City services mainly include road cleaning services, garbage collection services and waste treatment services. The Group also provides construction services under service concession arrangements. Revenue from the construction services is recognised over time as the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced.

Commercial operational services mainly include tenant management, rent collection services and other value-added services.

2 Summary of significant accounting policies *(Continued)*

2.26 Revenue recognition, contract assets and contract liabilities *(Continued)*

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

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

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer. Incremental costs incurred to obtain a contact, if recoverable, are capitalised and presented as assets and subsequently amortised when the related revenue is recognised.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers services to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

2.27 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in 'Other income'. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in 'Other income'.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.28 Dividend income

Dividends are received from financial assets at FVPL and at FVOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established.

2 Summary of significant accounting policies *(Continued)*

2.29 Leases

Leases are 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. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payments that are based on an index or a rate, initially measured using the index or rate at the commencement date,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

2 Summary of significant accounting policies *(Continued)*

2.29 Leases *(Continued)*

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets mainly comprise electronic equipment and vehicles.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2.30 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2.31 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.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: mainly credit risk, liquidity risk, foreign exchange risk and cash flow and fair value interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1.1 Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables, contract assets and cash deposits at banks. The carrying amounts of trade and other receivables, contract assets and cash and cash equivalents and restricted cash represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

For trade receivables and contract assets, the Group has large number of customers and there was no concentration of credit risk. The Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

The credit risks of other receivables are managed through an internal process. The credit quality of each counterparty is investigated before credit is granted. The Group also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. The Group reviews the recoverable amount of these receivables at the end of each reporting period.

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

- internal credit rating;
- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of individual property owner or the borrower;
- significant increases in credit risk on other financial instruments of the individual property owner or the same borrower; and
- significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.1 Credit risk (Continued)

(a) Trade receivables and contract assets

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables and contract assets.

As at 31 December 2021, the Group has assessed that the expected credit losses for trade receivables from related parties was immaterial. Thus no loss allowance provision for trade receivables from related parties was recognised as at December 2021 (31 December 2020: nil).

As at 31 December 2021, the Group has assessed that trade receivables from certain third-party customers amounting to RMB336,583,000 were of specific credit risk due to significant changes in the market environment that have an adverse effect on these customers. Thus RMB117,906,000 of specific loss allowance provision was provided against these receivables as at 31 December 2021 (2020: RMB28,112,000).

The expected loss rates for the remaining balances are based on the payment profiles of sales over a period of 6 and 5 years before 31 December 2021 or 1 January 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product and China Consumer Price Index to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rate for the contract assets. As at 31 December 2021, the Group has assessed that the expected credit losses for contract assets was immaterial. Thus no loss allowance provision for contract assets was recognised as at 31 December 2021 (31 December 2020: nil).

The loss allowance provision for the remaining balances was determined as follows:

	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Trade receivables							
At 31 December 2021							
Expected loss rate	0.6%	4.6%	25.1%	44.6%	59.1%	100%	
Gross carrying amount (RMB'000)	8,105,114	1,069,344	104,944	35,126	22,527	12,640	9,349,695
Loss allowance provision (RMB'000)	45,419	48,875	26,356	15,651	13,303	12,640	162,244

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.1 Credit risk *(Continued)*

(a) Trade receivables and contract assets *(Continued)*

	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Trade receivables							
At 31 December 2020							
Expected loss rate	1.3%	9.7%	38.7%	66.6%	82.3%	100%	
Gross carrying amount (RMB'000)	3,919,592	155,347	58,940	35,471	6,017	1,377	4,176,744
Loss allowance provision (RMB'000)	51,694	15,038	22,822	23,606	4,951	1,377	119,488

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

	2021 RMB'000	2020 RMB'000
At 1 January	**147,600**	57,868
Provision for loss allowance recognised in profit or loss	**133,360**	94,234
Receivables written off as uncollectable	**(810)**	(4,502)
At 31 December	**280,150**	147,600

As at 31 December 2021, the gross carrying amount of trade receivables was RMB10,568,503,000 (2020: RMB4,384,013,000) and thus the maximum exposure to loss was RMB10,288,353,000 (2020: RMB4,236,413,000).

(b) Other receivables (excluding prepayments)

Other receivables (excluding prepayments) mainly included payments on behalf of property owners, deposits, loans to third parties pledged by equities and others. The following table presents the credit risk exposure of other receivables (excluding prepayments). Without considering guarantee or any other credit enhancement measures, the maximum credit risk exposure of other receivables (excluding prepayments) is presented as the gross carrying amount.

	At 31 December 2021	
	Gross carrying amount RMB'000	Loss allowance provision RMB'000
Stage 1	**2,776,608**	**18,896**
Stage 3	**1,481,174**	**49,989**
	4,257,782	**68,885**

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.1 Credit risk (Continued)

(b) Other receivables (excluding prepayments) *(Continued)*

	At 31 December 2020	
	Gross carrying amount RMB'000	Loss allowance provision RMB'000
Stage 1	628,248	13,969

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

	2021 RMB'000	2020 RMB'000
At 1 January	**13,969**	10,072
Provision for loss allowance recognised in profit or loss	**54,916**	3,897
At 31 December	**68,885**	13,969

As at 31 December 2021, the gross carrying amount of other receivables (excluding prepayments) was RMB4,257,782,000 (2020: RMB628,248,000) and thus the maximum exposure to loss was RMB4,188,897,000 (2020: RMB614,279,000).

3.1.2 Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Liquidity risk *(Continued)*

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and include interest, if applicable.

	Less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2021					
Trade and other payables (excluding payroll payables and other taxes payables)	**11,353,120**	**–**	**–**	**–**	**11,353,120**
Convertible bonds	**4,119,069**	**–**	**–**	**–**	**4,119,069**
Lease liabilities	**219,360**	**202,337**	**413,972**	**567,888**	**1,403,557**
Bank and other borrowings	**753,812**	**36,565**	**40,443**	**567,595**	**1,398,415**
Total	**16,445,361**	**238,902**	**454,415**	**1,135,483**	**18,274,161**
At 31 December 2020					
Trade and other payables (excluding payroll payables and other taxes payables)	5,722,425	–	–	–	5,722,425
Convertible bonds	3,261,200	–	–	–	3,261,200
Lease liabilities	61,082	30,380	25,496	5,563	122,521
Bank and other borrowings	367,280	21,041	77,194	157,934	623,449
Total	9,411,987	51,421	102,690	163,497	9,729,595

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.3 Foreign exchange risk

The Group's businesses are principally conducted in RMB. The majority of its assets is denominated in RMB. The majority of its non-RMB assets are bank deposits denominated in Hong Kong Dollar ("HKD"). The Group is subject to foreign exchange risk arising from future commercial transactions and recognised assets which are denominated in non-RMB and net investment in foreign operations.

The aggregated carrying amount of the foreign currency denominated monetary assets of the Group at the end of the reporting period are as follows:

	31 December 2021 RMB'000	31 December 2020 RMB'000
Assets		
HKD	**5,962,307**	8,799,390
Other currencies	**52,423**	49,971
	6,014,730	8,849,361

The following table shows the sensitivity analysis of a 5% change in RMB against the HKD. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. Should RMB strengthened/weakened by 5% against the HKD, the effects on the profit or loss for the year would be as follows:

	Change of profit or loss — increase/(decrease)	
	2021 RMB'000	2020 RMB'000
RMB against HKD:		
Strengthened by 5%	**(298,115)**	(439,970)
Weakened by 5%	**298,115**	439,970

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.4 Cash flow and fair value interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its borrowings, details of which have been disclosed in note 33. Borrowings carried at floating rates expose the Group to cash flow interest-rate risk whereas those carried at fixed rates expose the Group to fair value interest-rate risk.

The Group currently does not use any interest rate swaps to hedge its exposure to interest rate risk. However, the Group will consider hedging significant interest rate exposure should the need arise.

The exposure of the Group's borrowings (note 33) to interest rate changes and the contractual re-pricing dates of the borrowings at the end of the reporting period are as follows:

	2021		2020	
		% of total		% of total
	RMB'000	**loans**	RMB'000	loans
Variable rate borrowings	**325,350**	**29%**	89,350	15%
Fixed rate borrowings — repricing or maturity dates:				
Less than 1 year	**680,363**	**61%**	361,815	59%
1–5 years	**49,325**	**4%**	98,234	16%
Over 5 years	**67,500**	**6%**	60,000	10%
	1,122,538	**100%**	609,399	100%

As at 31 December 2021, borrowings of the Group which were bearing at floating rates amounted to approximately RMB323,350,000 (2020: RMB89,350,000). As at 31 December 2021, if the interest rates had been 50 basis point higher/lower and all other variables were held constant, the Group's post-tax profit for the years ended 31 December 2021 would have been approximately RMB1,213,000 (2020: RMB335,000) lower/higher.

3 Financial risk management *(Continued)*

3.2 Capital management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total interest-bearing debt less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheets plus net debt.

As at 31 December 2021 and 2020, the Group maintained at net cash position.

3.3 Fair value estimation

3.3.1 Fair value hierarchy

The table below analyses financial instruments carried or presented at fair value, by level of the inputs to valuation techniques used to measure fair value. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 1 RMB'000	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
At 31 December 2021				
Financial assets				
Financial assets at fair value through profit or loss	**26,252**	**—**	**3,629,945**	**3,656,197**
Financial assets at fair value through other comprehensive income	**130,759**	**—**	**4,033,707**	**4,164,466**
Total financial assets	**157,011**	**—**	**7,663,652**	**7,820,663**

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2020				
Financial assets				
Financial assets at fair value through profit or loss	—	—	2,566,122	2,566,122
Financial assets at fair value through other comprehensive income	—	—	9,950	9,950
Total financial assets	—	—	2,576,072	2,576,072

3 Financial risk management *(Continued)*

3.3 Fair value estimation *(Continued)*

3.3.2 Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the year ended 31 December 2021:

	Financial assets at FVPL (note 24) RMB'000	Financial assets at FVOCI (note 21) RMB'000	Total RMB'000
Opening balance at 1 January 2021	2,566,122	9,950	2,576,072
Additions	5,380,000	4,058,234	9,438,234
Disposal	(4,608,493)	—	(4,608,493)
Fair value changes	292,316	(34,477)	257,839
Closing balance at 31 December 2021	3,629,945	4,033,707	7,663,652

There were no transfers between levels of the fair value hierarchy during the year.

3.3.3 Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements of financial assets at FVOCI:

Description	Fair value at 31 Dec 2021 RMB'000	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Unlisted equity securities	4,033,707	Price-to-earnings ratio	8.2–35.3	The higher the price-to-earnings ratio, the higher the fair value
		Price-to-sales ratio	1.4–4.2	The higher the price-to-sales ratio, the higher the fair value

4 Critical accounting estimates and judgments

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

(a) Expected credit losses on receivables

The Group makes allowances on receivables based on assumptions about risk of default and expected loss rates. The Group used judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and the related loss allowances in the period in which such estimate is changed. For details of the key assumptions and inputs used, see note 3.1.1 above.

(b) Current tax and deferred tax

The Group is subject to income taxes in the PRC. Judgment is required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(c) Fair value assessment of the identified other intangible assets and the recognition of goodwill arising from business combinations

Significant judgments and estimates were involved in the fair value assessment of the identified other intangible assets and the recognition of goodwill arising from business combinations. These significant judgments and estimates include the adoption of appropriate valuation models and methodologies and the use of key assumptions in the valuation (mainly gross profit margins, earnings before interest, tax, depreciation and amortisation ("EBITDA") margins, discount rates and expected useful lives of the identified intangible assets). See notes 17 and 37 for more details.

(d) Goodwill impairment assessment

For the purposes of goodwill impairment assessment, management considered each of the acquired companies a separate group of cash-generated-units ("CGU") and goodwill has been allocated to each of the acquired companies accordingly. Management assessed the impairment of goodwill by determining the recoverable amounts of the CGU to which goodwill has been allocated based on value-in-use calculation. Significant judgments and estimates were involved in the goodwill impairment assessment. These significant judgments and estimates include the adoption of appropriate valuation model and methodology and the use of key assumptions in the valuation, which primarily include annual revenue growth rates, gross profit margins, EBITDA margins, terminal growth rate and discount rates. See note 17 for more details.

5 Revenue and segment information

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

In previous years, the Group was principally engaged in the provision of property management services, community value-added services, value-added services to non-property owners, water, electricity and heat supplies and property management services under the state-owned enterprises separation and reform program (hereinafter referred to as "Three Supplies and Property Management") and city services in the PRC. The CODM of the Company regarded that there were three operating segments which were used to make strategic decisions.

During the current year, the Group commenced the provision of commercial operational services, providing shopping malls, community merchants, characteristic cultural tourism and offices with services such as business planning consultation, investment promotion, operation and planning services. The operating results of the commercial operational services are newly added in the reports reviewed by the CODM for performance evaluation and resources allocation purposes.

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

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

— Three Supplies and Property Management businesses;

— City services business, which include sanitation, cleaning and sewage and waste treatment business; and

— Commercial operational services business.

The CODM assesses the performance of the operating segments based on a measure of operating profit, adjusted by excluding realised and unrealised gains from financial assets at FVPL, and including share of results of investments accounted for using the equity method.

Segment assets consist primarily of property, plant and equipment, right-of-use assets, investment properties, intangible assets, investments accounted for using the equity method, contract assets, inventories, receivables, and operating cash. They exclude deferred income tax assets, financial assets at FVOCI and financial assets at FVPL. Segment liabilities consist primarily of operating liabilities. They exclude current and deferred income tax liabilities, convertible bonds, bank and other borrowings and dividend payables.

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

5 Revenue and segment information *(Continued)*

Revenue mainly comprises of proceeds from provision of property management services, community value-added services, value-added services to non-property owners, heat supply services, city services and commercial operational services. An analysis of the Group's revenue by category for the years ended 31 December 2021 and 2020 was as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Revenue from property management and related services other than Three Supplies and Property Management businesses		
— Property management services	**13,793,853**	8,606,702
— Community value-added services	**3,327,590**	1,731,271
— Value-added services to non-property owners	**2,675,085**	1,369,701
— Other services	**134,037**	309,291
	19,930,565	12,016,965
Revenue from Three Supplies and Property Management businesses		
— Property management and other related services	**2,507,514**	1,540,212
— Heat supply services	**1,221,795**	1,159,119
	3,729,309	2,699,331
Revenue from city services business	**4,528,952**	884,125
Revenue from Commercial operational services business	**654,185**	—
	28,843,011	15,600,421

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 2021 and 2020.

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

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

5 Revenue and segment information *(Continued)*

(a) Contract liabilities

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

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Contract liabilities		
Property management services	**3,461,819**	1,497,434
Community value-added services	**468,807**	524,317
Value-added services to non-property owners	**9,864**	11,213
Three Supplies and Property Management		
— Property management and other related services	**119,497**	127,736
— Heat supply services	**392,157**	390,329
City services	**6,239**	30,904
Commercial operational services	**77,327**	—
	4,535,710	2,581,933

(i) Significant changes in contract liabilities

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. Such liabilities increased as a result of the growth of the Group's business and business combinations during the year.

(ii) Revenue recognised in relation to contract liabilities

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Property management services	**1,361,871**	1,132,767
Community value-added services	**524,317**	105,766
Value-added services to non-property owners	**11,213**	1,732
Three Supplies and Property Management		
— Property management and other related services	**106,976**	53,888
— Heat supply services	**390,329**	162,231
City services	**30,904**	—
	2,425,610	1,456,384

5 Revenue and segment information *(Continued)*

(a) Contract liabilities *(Continued)*

(iii) Unsatisfied performance obligations

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

For community value-added services, they are rendered in short period of time and there is immaterial unsatisfied performance obligation at the end of respective periods.

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

During the year ended 31 December 2021, there were no significant incremental costs to obtain a contract (2020: nil).

(b) Segment information

The segment information provided to the CODM for the year ended 31 December 2021 is as follows:

	Year ended 31 December 2021				
	Property management and related services other than Three Supplies and Property Management RMB'000	Three Supplies and Property Management RMB'000	City services business RMB'000	Commercial operational services RMB'000	Total RMB'000
Revenue from contracts with customers	19,935,694	3,729,309	4,566,039	479,655	28,710,697
Recognised over time	19,440,533	3,674,802	4,428,441	479,655	28,023,431
Recognised at a point time	495,161	54,507	137,598	–	687,266
Revenue from other source	–	–	–	174,613	174,613
Rental income	–	–	–	174,613	174,613
Total segment revenue	19,935,694	3,729,309	4,566,039	654,268	28,885,310
Less: inter-segment revenue	(5,129)	–	(37,087)	(83)	(42,299)
Revenue from external customers	19,930,565	3,729,309	4,528,952	654,185	28,843,011
Segment results	4,506,874	34,815	704,453	239,004	5,485,146

5 Revenue and segment information *(Continued)*

(b) Segment information *(Continued)*

The segment information provided to the CODM for the year ended 31 December 2021 is as follows *(continued)*:

	Year ended 31 December 2021				
	Property management and related services other than Three Supplies and Property Management RMB'000	Three Supplies and Property Management RMB'000	City services business RMB'000	Commercial operational services RMB'000	Total RMB'000
Share of results of investments accounted for using the equity method	30,621	9,407	1,393	–	41,421
Depreciation and amortisation charges	715,636	68,285	232,194	89,026	1,105,141
Net impairment losses on financial assets	181,030	3,116	1,746	2,384	188,276
Capital expenditure	147,955	151,428	230,697	1,238,488	1,768,568

	At 31 December 2021				
	Property management and related services other than Three Supplies and Property Management RMB'000	Three Supplies and Property Management RMB'000	City services business RMB'000	Commercial operational services RMB'000	Total RMB'000
Segment assets	50,423,411	2,720,253	4,158,159	1,541,095	58,842,918
Investments accounted for using the equity method	273,927	114,904	8,919	–	397,750
Segment liabilities	15,186,014	2,058,589	1,453,133	1,391,606	20,089,342

5 Revenue and segment information *(Continued)*

(b) Segment information *(Continued)*

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

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

	At 31 December 2020			
	Property management and related services other than Three Supplies and Property Management RMB'000	Three Supplies and Property Management RMB'000	City services business RMB'000	Total RMB'000
Segment assets	22,633,310	2,756,454	3,200,084	28,589,848
Investments accounted for using the equity method	198,728	103,651	9,841	312,220
Segment liabilities	6,894,126	2,047,240	1,228,059	10,169,425

5 Revenue and segment information *(Continued)*

(b) Segment information *(Continued)*

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Segment results	**5,485,146**	3,328,402
Realised and unrealised gains from financial assets at FVPL (note 7)	**285,541**	342,636
Finance (costs)/income — net	**(97,848)**	43,689
Profit before income tax	**5,672,839**	3,714,727

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

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Segment assets	**58,842,918**	28,589,848
Deferred income tax assets	**149,177**	37,957
Financial assets at FVOCI	**4,164,466**	9,950
Financial assets at FVPL	**3,656,197**	2,566,122
Total assets	**66,812,758**	31,203,877

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

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Segment liabilities	**20,089,342**	10,169,425
Convertible bonds	**4,064,827**	3,202,538
Deferred income tax liabilities	**2,274,849**	509,876
Current income tax liabilities	**887,709**	553,601
Bank and other borrowings	**1,122,538**	609,399
Total liabilities	**28,439,265**	15,044,839

6 Other income

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Government subsidy income	**158,765**	94,183
Late payment charges	**39,843**	26,870
	198,608	121,053

7 Other gains — net

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Realised and unrealised gains from financial assets at FVPL	**285,541**	342,636
Net foreign exchange gains	**144,909**	42,451
Losses on disposal of subsidiaries	**(674)**	—
Gains/(losses) on disposal of property, plant and equipment (note 34(c))	**34,574**	(604)
Losses on early termination of lease contracts	**(22)**	(198)
Negative goodwill	**5,236**	—
Others	**(17,618)**	9,740
	451,946	394,025

8 Expenses by nature

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Employee benefit expenses (note 9)	**10,397,050**	5,131,639
Cleaning expenses	**4,272,847**	2,737,127
Maintenance expenses	**1,674,680**	747,966
Depreciation and amortisation charges	**1,105,141**	336,087
Utilities	**1,047,031**	533,298
Security expenses	**974,376**	357,793
Heat supply costs	**973,448**	935,897
Greening and gardening expenses	**582,198**	313,819
Construction costs for infrastructures under service concession arrangements	**390,688**	—
Cost of sales of goods	**384,613**	106,087
Office and communication expenses	**250,793**	155,780
Travelling and entertainment expenses	**217,421**	101,087
Professional service fees	**205,384**	128,945
Net impairment losses on financial assets	**188,276**	98,131
Transportation expenses	**175,781**	108,171
Rental expenses for short-term and low-value leases	**175,263**	157,391
Other taxes and surcharges	**128,367**	66,497
Sales service expense	**114,894**	30,509
Cost of information technology hardwares and softwares	**111,677**	202,080
Advertising and promotion costs	**95,773**	37,223
Community activities expenses	**68,263**	42,462
Bank charges	**62,302**	40,847
Employee uniform expenses	**25,218**	26,610
Auditor's remuneration		
— Annual audit and interim review services	**14,250**	8,450
— Non audit services	**2,189**	1,795
Other expenses	**126,376**	79,326
	23,764,299	12,485,017

9 Employee benefit expenses

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Wages, salaries and bonuses	**8,852,748**	4,294,511
Pension costs	**368,318**	187,936
Housing funds, medical insurances and other social security costs	**509,591**	203,399
Other benefits	**449,045**	212,044
Employee share schemes — value of employee services	**217,348**	233,749
	10,397,050	5,131,639

9 Employee benefit expenses *(Continued)*

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 3 directors for the year ended 31 December 2021 (2020: 2 directors), whose emoluments are reflected in the analysis shown in note 40. The emoluments payable to the remaining 2 individuals (2020: 3 individuals) are as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Salaries	**5,040**	6,890
Contributions to retirement benefits and other social security costs	**70**	89
Share-based compensation expenses	**15,010**	55,458
	20,120	62,437

The emoluments fell within the following bands:

	Year ended 31 December	
	2021	2020
Emolument bands (in HKD)		
12,000,001–12,500,000	**2**	—
24,000,001–24,500,000	**—**	1
24,500,001–25,000,000	**—**	1
25,000,001–25,500,000	**—**	1
	2	3

10 Finance (costs)/income — net

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Finance income:		
Interest income on bank deposits	**123,212**	158,446
Finance costs:		
Borrowing costs of convertible bonds	**(115,870)**	(101,069)
Interest expense on lease liabilities	**(41,958)**	(8,281)
Interest expense on bank and other borrowings	**(63,232)**	(5,407)
	(221,060)	(114,757)
Finance (costs)/income — net	**(97,848)**	43,689

11 Income tax expense

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Current income tax — PRC		
— Provision of current income tax	**1,453,651**	946,122
Deferred income tax		
— Corporate income tax	**(175,305)**	(8,252)
— Withholding income tax on profits to be distributed in future	**45,040**	(4,800)
	(130,265)	(13,052)
	1,323,386	933,070

(a) Cayman Island income tax

The Company is 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.

(b) Hong Kong profits tax

No provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to Hong Kong profits tax during the year.

(c) PRC corporate income tax

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The general corporate income tax rate in PRC is 25%. Certain subsidiaries of the Group in the PRC are either located in western cities or autonomous regions or qualified as "High and New Technology Enterprise" or "Small and Micro Enterprises" subject to a preferential income tax rate of 15% or 10% in certain years.

(d) PRC withholding tax

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding income tax. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%. The Company and its intermediate subsidiaries incorporated in the BVI and Hong Kong have successfully obtained Hong Kong Tax Resident Identity certificates and the applicable withholding tax rate has been reduced to 5% accordingly in 2021 and 2020.

11 Income tax expense *(Continued)*

(e) The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the applicable corporate income tax rate of 25%. The difference is analysed as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Profit before income tax	**5,672,839**	3,714,727
Less: Share of results of investments accounted for using the equity method	**(41,421)**	(40,556)
	5,631,418	3,674,171
Tax calculated at applicable corporate income tax rate of 25% (2020: 25%)	**1,407,855**	918,543
Effects of different tax rates applicable to different subsidiaries of the Group	**(194,946)**	(92,783)
Income not subject to tax	**(4,925)**	(695)
Expenses not deductible for taxation purposes	**68,144**	78,091
Unrecognised tax losses	**4,271**	3,819
Effects of tax rate change on deferred tax	**(2,053)**	30,895
	1,278,346	937,870
Withholding income tax on profits to be distributed in future	**45,040**	(4,800)
	1,323,386	933,070

12 Earnings per share

(a) Basic

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

	Year ended 31 December	
	2021	2020
Profit attributable to the owners of the Company (RMB'000)	**4,033,395**	2,686,128
Weighted average number of ordinary shares in issue (thousands shares)	**3,140,705**	2,751,478
Basic earnings per share (RMB cents)	**128.42**	97.62

12 Earnings per share *(Continued)*

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has dilutive potential ordinary shares arising from the share option scheme (note 29) and convertible bonds (note 32). For the share option scheme, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share. For the convertible bonds, they are assumed to have been converted into ordinary shares. Interest savings on convertible bonds are adjusted to the extent of the amount charged to the profit attributable to owners of the Company, if applicable. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and the conversion of convertible bonds. For the year ended 31 December 2021, the effect of the convertible bonds was anti-dilutive and therefore not included in the calculation of the diluted earnings per share.

	Year ended 31 December	
	2021	2020
Profit attributable to the owners of the Company (RMB'000)	**4,033,395**	2,686,128
Weighted average number of ordinary shares in issue (thousands shares)	**3,140,705**	2,751,478
Adjustments — share option schemes (thousands)	**10,029**	37,287
Weighted average number of ordinary shares for diluted earnings per share (thousands shares)	**3,150,734**	2,788,765
Diluted earnings per share (RMB cents)	**128.01**	96.32

13 Dividends

The final dividend in respect of year ended 31 December 2020 of RMB21.87 cents (equivalent to HKD26.58 cents) per share, totalling RMB703,069,000, has been approved at the Annual General Meeting on 28 May 2021 and has been partly settled in new shares of the Company and partly paid in cash in August 2021. The number of ordinary shares settled and issued as scrip dividends was 394,682 and the total amount of dividend paid as scrip dividends was RMB26,080,000 while cash dividend amounted to RMB676,989,000.

The Board of Directors recommended the payment of a 2021 final dividend of RMB29.95 cents per share, totalling RMB1,008,350,000, which has taken into account the expected exercise of share options as of the record date for the eligible shareholders. The eligible shareholders will be given an option to elect to receive the final dividend all in new shares or partly in new shares and partly in cash or all in cash (the "Scrip Dividend Scheme"). The new shares will, on issue, rank pari passu in all respects with the existing shares in issue on the date of the allotment and issue of the new shares except that they shall not be entitled to the proposed final dividend. The Scrip Dividend Scheme is conditional upon the passing of the resolution relating to the payment of the final dividend at the forthcoming annual general meeting of the Company and the Stock Exchange granting the listing of, and permission to deal in, the new shares to be issued under the Scrip Dividend Scheme. These financial statements do not reflect this dividend payable.

14 Property, plant and equipment

	Machinery RMB'000	Transportation equipment RMB'000	Electronic equipment RMB'000	Office equipment RMB'000	Buildings RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January 2020								
Cost	151,415	169,404	96,205	34,609	21,528	–	13,145	486,306
Accumulated depreciation	(27,541)	(68,867)	(47,941)	(25,869)	(471)	–	(3,744)	(174,433)
Net book amount	123,874	100,537	48,264	8,740	21,057	–	9,401	311,873
Year ended 31 December 2020								
Opening net book amount	123,874	100,537	48,264	8,740	21,057	–	9,401	311,873
Acquisition of subsidiaries	41,577	569,613	2,868	23,390	75,455	100,680	19,226	832,809
Other additions	35,500	84,325	47,887	27,851	4,025	95,377	14,864	309,829
Disposals	(1,372)	(12,967)	(1,316)	(2,126)	(13,364)	–	–	(31,145)
Depreciation	(25,817)	(56,619)	(51,136)	(14,600)	(9,769)	–	(16,351)	(174,292)
Closing net book amount	173,762	684,889	46,567	43,255	77,404	196,057	27,140	1,249,074
At 31 December 2020								
Cost	226,276	801,313	139,301	81,086	92,464	196,057	43,747	1,580,244
Accumulated depreciation	(52,514)	(116,424)	(92,734)	(37,831)	(15,060)	–	(16,607)	(331,170)
Net book amount	173,762	684,889	46,567	43,255	77,404	196,057	27,140	1,249,074
Year ended 31 December 2021								
Opening net book amount	**173,762**	**684,889**	**46,567**	**43,255**	**77,404**	**196,057**	**27,140**	**1,249,074**
Transfer from construction in process	**75,022**	**–**	**–**	**–**	**36,480**	**(111,502)**	**–**	**–**
Acquisition of subsidiaries (note 37)	**43,757**	**13,659**	**45,436**	**31,111**	**35,975**	**2,368**	**102,120**	**274,426**
Other additions	**39,703**	**185,039**	**24,116**	**15,672**	**12,313**	**4,770**	**81,728**	**363,341**
Disposals	**(37,740)**	**(70,033)**	**(9,272)**	**(1,297)**	**(5,192)**	**–**	**–**	**(123,534)**
Depreciation	**(38,253)**	**(212,837)**	**(34,753)**	**(27,899)**	**(5,108)**	**–**	**(49,163)**	**(368,013)**
Transfer to investment properties	**–**	**–**	**–**	**–**	**(29,718)**	**–**	**–**	**(29,718)**
Closing net book amount	**256,251**	**600,717**	**72,094**	**60,842**	**122,154**	**91,693**	**161,825**	**1,365,576**
At 31 December 2021								
Cost	**340,149**	**867,262**	**193,597**	**120,270**	**126,227**	**91,693**	**227,595**	**1,966,793**
Accumulated depreciation	**(83,898)**	**(266,545)**	**(121,503)**	**(59,428)**	**(4,073)**	**–**	**(65,770)**	**(601,217)**
Net book amount	**256,251**	**600,717**	**72,094**	**60,842**	**122,154**	**91,693**	**161,825**	**1,365,576**

As at 31 December 2021, buildings with net book amount of RMB21,988,000 (2020: RMB34,430,000) and transportation equipment with net book amount of RMB56,432,000 (2020: RMB348,555,000) were pledged as collateral for the Group's bank and other borrowings (note 33).

14 Property, plant and equipment *(Continued)*

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

	Year ended 31 December 2021 RMB'000	2020 RMB'000
Cost of sales	**309,283**	143,275
General and administrative expenses	**58,730**	31,017
	368,013	174,292

15 Leases

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

(a) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

Right-of-use assets

	Buildings RMB'000	Transportation equipment RMB'000	Machinery RMB'000	Land use right RMB'000	Total RMB'000
Year ended 31 December 2021					
Opening net book amount	**107,263**	**222**	**706**	**22,169**	**130,360**
Acquisition of subsidiaries (note 37)	**28,548**	**–**	**–**	**–**	**28,548**
Other additions	**168,136**	**8,678**	**8,142**	**43,933**	**228,889**
Early termination of lease contracts	**(1,517)**	**–**	**–**	**–**	**(1,517)**
Depreciation	**(104,336)**	**(3,006)**	**(8,822)**	**(6,428)**	**(122,592)**
Closing net book amount	**198,094**	**5,894**	**26**	**59,674**	**263,688**
At 31 December 2021					
Cost	**317,799**	**9,224**	**9,053**	**66,101**	**402,177**
Accumulated depreciation	**(119,705)**	**(3,330)**	**(9,027)**	**(6,427)**	**(138,489)**
Net book amount	**198,094**	**5,894**	**26**	**59,674**	**263,688**

	Buildings RMB'000	Transportation equipment RMB'000	Machinery RMB'000	Land use right RMB'000	Total RMB'000
Year ended 31 December 2020					
Opening net book amount	28,342	191	257	–	28,790
Acquisition of subsidiaries	71,623	–	–	–	71,623
Other additions	54,300	209	565	24,018	79,092
Early termination of lease contracts	(4,228)	(55)	–	–	(4,283)
Depreciation	(42,774)	(123)	(116)	(1,849)	(44,862)
Closing net book amount	107,263	222	706	22,169	130,360
At 31 December 2020					
Cost	287,056	546	910	24,018	312,530
Accumulated depreciation	(179,793)	(324)	(204)	(1,849)	(182,170)
Net book amount	107,263	222	706	22,169	130,360

15 Leases *(Continued)*

(a) Amounts recognised in the consolidated balance sheet *(Continued)*

Lease liabilities

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Current	**209,006**	57,288
Non-current	**931,685**	54,582
	1,140,691	111,870

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

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Depreciation charge of right-of-use assets		
Buildings	**104,336**	42,774
Transportation equipment	**3,006**	123
Machinery	**8,822**	116
Land use right	**6,428**	1,849
	122,592	44,862
Interest expense (included in 'Finance costs')	**41,958**	8,281
Expense relating to short-term leases (included in 'Cost of sales' and 'General and administrative expenses')	**122,684**	35,611
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in 'General and administrative expenses')	**52,579**	6,969

The total cash outflow for leases in the year ended 31 December 2021 was RMB352,798,000 (2020: RMB118,242,000).

(c) The Group's leasing activities and how these are accounted for

The Group leases various buildings, transportation equipment and machinery. Rental contracts are typically made for fixed periods of 1 to 20 years without extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

16 Investment properties

	Land and buildings RMB'000	Right-of use assets RMB'000	Total RMB'000
Year ended 31 December 2021			
Opening net book amount	–	–	–
Acquisition of subsidiaries (note 37)	36,025	–	36,025
Transfer from property, plant and equipment (note 14)	29,718	–	29,718
Other additions	2,609	936,180	938,789
Depreciation	(3,809)	(64,641)	(68,450)
Net book amount	64,543	871,539	936,082

(a) For the year ended 31 December 2021, the additions of right-of-use assets comprised of leases in commercial properties with lease term periods of 3–10 years.

(b) As at 31 December 2021, the fair values of the investment properties approximated to RMB1,789,143,000 (2020: nil).

(c) Fair value hierarchy

An independent valuation of the Group's investment properties was performed by the independent and professionally qualified valuer, to determine the fair value of the investment properties as at 31 December 2021.

As at 31 December 2021 as certain of significant inputs used in the determination of fair value of investment properties are arrived at by reference to certain significant unobservable market data, the fair value of all investment properties of the Group is included in level 3 of the fair value measurement hierarchy.

(d) Valuation processes of the Group

The Group's investment properties were valued at 31 December 2021, by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent and professionally qualified valuer who hold recognised relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

Discussions of valuation processes and results are held between management and the valuers on an annual basis, in line with the Group's annual reporting date.

16 Investment properties *(Continued)*

(d) Valuation processes of the Group *(Continued)*

At each financial year end, the management:

— Verifies all major inputs to the independent valuation report;

— Assesses property valuation movements when compared to the prior year valuation report; and

— Holds discussions with the independent valuer.

(e) Valuation techniques

Investment properties comprise of right-of-use assets of commercial properties held under leases. Fair values of the investment properties are generally derived using the term and reversionary method. This method is based on the tenancy agreements as at the respective valuation dates. The rental income derived within the tenancy agreements are discounted by adopting term yields and the potential reversionary income are discounted by adopting appropriate reversionary yields for the period beyond the rental period in the tenancy agreements. Potential reversionary income and the reversionary yields are derived from analysis of prevailing market rents and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Income approach	Term yields	4.5%–6.0%	The higher the term yields, the lower the fair value
	Reversionary yields	5.0%–6.5%	The higher the reversionary yields, the lower the fair value
	Market rents (RMB/ Square meter/month)	13–114	The higher the market rents, the higher the fair value

(f) As at 31 December 2021, investment properties with net book amount of RMB18,635,000 (2020: nil) were pledged as collateral for the Group's bank and other borrowings (note 33).

17 Intangible assets

	Software RMB'000	Contracts and customer relationships RMB'000 (a)	Insurance brokerage license RMB'000	Brand RMB'000 (a)	Concession intangible assets RMB'000	Total other intangible assets RMB'000	Goodwill RMB'000 (b) & (c) & (d)	Total RMB'000
At 1 January 2020								
Cost	52,744	389,418	–	–	–	442,162	1,219,905	1,662,067
Accumulated amortisation	(7,792)	(44,991)	–	–	–	(52,783)	–	(52,783)
Accumulated impairment	–	(2,861)	–	–	–	(2,861)	(2,570)	(5,431)
Net book amount	44,952	341,566	–	–	–	386,518	1,217,335	1,603,853
Year ended 31 December 2020								
Opening net book amount	44,952	341,566	–	–	–	386,518	1,217,335	1,603,853
Acquisition of subsidiaries	1,444	1,191,910	28,663	193,400	93,740	1,509,157	3,144,578	4,653,735
Other additions	34,774	–	–	–	844	35,618	–	35,618
Amortisation	(10,065)	(97,220)	(1,443)	(7,736)	(469)	(116,933)	–	(116,933)
Closing net book amount	71,105	1,436,256	27,220	185,664	94,115	1,814,360	4,361,913	6,176,273
At 31 December 2020								
Cost	88,842	1,581,329	28,663	193,400	94,584	1,986,818	4,364,483	6,351,301
Accumulated amortisation	(17,737)	(142,212)	(1,443)	(7,736)	(469)	(169,597)	–	(169,597)
Accumulated impairment	–	(2,861)	–	–	–	(2,861)	(2,570)	(5,431)
Net book amount	71,105	1,436,256	27,220	185,664	94,115	1,814,360	4,361,913	6,176,273
Year ended 31 December 2021								
Opening net book amount	71,105	1,436,256	27,220	185,664	94,115	1,814,360	4,361,913	6,176,273
Acquisition of subsidiaries (note 37)	83,547	5,198,856	–	1,876,155	–	7,158,558	14,932,793	22,091,351
Other Additions	154,711	–	–	–	82,838	237,549	–	237,549
Amortisation	(22,993)	(409,688)	(2,475)	(100,208)	(10,722)	(546,086)	–	(546,086)
Disposals	–	(8,603)	–	–	–	(8,603)	(5,686)	(14,289)
Closing net book amount	286,370	6,216,821	24,745	1,961,611	166,231	8,655,778	19,289,020	27,944,798
At 31 December 2021								
Cost	327,100	6,770,885	28,663	2,069,555	177,422	9,373,625	19,291,590	28,665,215
Accumulated amortisation	(40,730)	(551,203)	(3,918)	(107,944)	(11,191)	(714,986)	–	(714,986)
Accumulated impairment	–	(2,861)	–	–	–	(2,861)	(2,570)	(5,431)
Net book amount	286,370	6,216,821	24,745	1,961,611	166,231	8,655,778	19,289,020	27,944,798

17 Intangible assets *(Continued)*

Amortisation of intangible assets were charged to the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Cost of sales	**523,093**	109,633
General and administrative expenses	**22,993**	7,300
	546,086	116,933

(a) Contracts and customer relationships and brand

During the year ended 31 December 2021, the Group acquired several property management companies, media companies and a property agency company (note 37). Total identifiable net assets of these companies at their respective acquisition dates amounted to approximately RMB5,086,935,000, including identified contracts and customer relationships of approximately RMB5,198,856,000 and brand of approximately RMB1,876,155,000 recognised by the Group. The excess of the consideration transferred and the amount of the non-controlling interests in the acquires over the fair value of the identifiable net assets acquired amounted to approximately RMB14,932,793,000 is recognised as goodwill.

Valuations were performed by an independent valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, to determine the fair value of the identified contracts and customer relationships. The valuation method used is the multi-period excess earnings method. The key assumptions in determining the fair value of contracts and customer relationships are disclosed as follows:

Gross profit margins	25.5%–30.0%
EBITDA margins	11.4%–18.2%
Post-tax discount rates	13.5%–14.4%
Expected useful lives	6 years

Valuations were performed by an independent valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, to determine the fair value of the identified brand. The valuation method used is the relief-from-royalty method. The key assumptions in determining the fair value of the brand are disclosed as follows:

Gross profit margins	26.5%–55.3%
EBITDA margins	12.3%–32.4%
Post-tax discount rates	13.0%–20.8%
Expected useful lives	5–12 years

17 Intangible assets *(continued)*

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

Goodwill of RMB4,361,913,000 has been allocated to the respective CGUs of the subsidiaries acquired in prior years for impairment testing. Management performed an impairment assessment on the goodwill as at 31 December 2021. The recoverable amounts of these subsidiaries are determined based on value-in-use calculation with cash flow forecast period of 5 years.

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

Revenue growth rates during the projection period	3.0%–5.0%
Gross profit margins during the projection period	14.1%–39.1%
EBITDA margins during the projection period	3.6%–24.9%
Terminal growth rate	3.0%
Pre-tax discount rates	14.1%–19.8%

Based on management's assessment on the recoverable amounts of the subsidiaries acquired in prior year, no impairment provision was considered necessary as at 31 December 2021.

No impairment provision was considered necessary if the key assumptions were to change as follows:

	2021	
	From	**To**
Revenue growth rates during the projection period	**3.0%–5.0%**	**0.4%–3.0%**
Gross profit margins during the projection period	**14.1%–39.1%**	**12.1%–38.4%**
EBITDA margins during the projection period	**3.6%–24.9%**	**0.5%–24.4%**
Terminal growth rate	**3.0%**	**nil–2.8%**
Pre-tax discount rates	**14.1%–19.8%**	**14.5%–27.3%**

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

Goodwill of RMB14,932,793,000 has been allocated to the respective CGUs of the subsidiaries acquired during the year for impairment testing. Management performed an impairment assessment on the goodwill in 2021. The recoverable amounts of these subsidiaries are determined based on value-in-use calculation with cash flow forecast period of 5 years.

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

Revenue growth rates during the projection period	3.0%–28.0%
Gross profit margins during the projection period	24.7%–55.3%
EBITDA margins during the projection period	11.4%–30.1%
Terminal growth rate	3.0%
Pre-tax discount rates	15.4%–28.0%

Based on management's assessment on the recoverable amounts of the subsidiaries acquired during the year, no impairment provision was considered necessary as at 31 December 2021.

17 Intangible assets *(continued)*

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

	At 31 December 2021 RMB'000	2020 RMB'000
Property management and related services other than Three Supplies and Property Management businesses	**16,441,441**	1,996,640
Three Supplies and Property Management businesses	**3,465**	—
City services business	**2,365,273**	2,365,273
Commercial operational services business	**478,841**	—
	19,289,020	4,361,913

18 Subsidiaries

The following is a list of principal subsidiaries at 31 December 2021, all of these are limited liability companies:

Name	Date of incorporation	Nominal value of issued and fully paid share capital/paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Directly held by the Company:					
Incorporated in the BVI and operates in Mainland China:					
United Gain (集裕集團)	**28 March 2006**	**USD200**	**100%**	**–**	**Investment holding**
Ornate Forest (繁森有限公司)	**07 July 2017**	**USD50,000**	**100%**	**–**	**Investment holding**
Sino Estate Holdings Limited	**06 November 2003**	**HKD780**	**100%**	**–**	**Investment holding**
Indirectly held by the Company:					
Incorporated in Hong Kong and operates in Hong Kong:					
Country Garden Property Services HK Holdings Company Limited (碧桂園物業香港控股有限公司)	**05 February 2018**	**HKD1**	**100%**	**–**	**Investment holding**

18 Subsidiaries *(Continued)*

Name	Date of incorporation	Nominal value of issued and fully paid share capital/paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Established and operates in Mainland China:					
Country Garden Life Services Group Company Limited (碧桂園生活服務集團股份有限公司)	19 April 2004	RMB360,000,000	100%	–	Property management and related services
Jiangxi Country Garden Jiejia Property Services Co. Ltd (江西碧桂園潔佳物業服務有限公司)	18 February 1993	RMB10,000,000	100%	–	Property management and related services
Fenghuang Hui Information Technology Co. Ltd (鳳凰匯信息科技有限公司)	18 January 2018	RMB30,580,000	64%	36%	E-commerce
Shanghai Lianyuan Property Development Company Limited (上海聯源物業發展有限公司)	20 November 1995	RMB10,000,000	100%	–	Property Intermediary services
Inner Mongolia Renhe Services Company Limited (內蒙古仁和服務有限責任公司)	18 November 1999	RMB14,008,340	70%	30%	Property management and related services
Zhejiang Country Garden Bijia Property Services Co. Ltd (浙江碧桂園碧嘉物業服務有限公司)	24 January 2002	RMB50,000,000	100%	–	Property management and related services
Shanghai Ruijing Industrial Company Limited (上海睿靖實業有限公司)	15 January 2018	RMB26,620,000	100%	–	Property management and related services
Ganglian Real Estate Services (China) Co., Ltd. (港聯不動產服務中國股份有限公司)	05 August 1999	RMB60,000,000	100%	–	Property management and related services
Baoshihua Home Investment Management Company Limited (寶石花家園投資管理有限公司)	12 September 2018	RMB400,000,000	80%	20%	Investment holding
Baoshihua Property Management Company Limited (寶石花物業管理有限公司)	26 October 2018	RMB295,639,561	51%	49%	Property management and related services

18 Subsidiaries *(Continued)*

Name	Date of incorporation	Nominal value of issued and fully paid share capital/paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Baoshihua Tong Fang Energy Technology Company Limited (寶石花同方能源科技有限公司)	27 December 2018	RMB92,500,000	80%	20%	Property management, heat supply and related services
Baoshihua Heat Company Limited (寶石花熱力有限公司)	07 January 2019	RMB150,000,000	65%	35%	Heat supply services
Daqing Baoshihua Heat Company Limited (大慶寶石花熱力有限公司)	18 January 2019	RMB25,000,000	100%	–	Heat supply services
Fujian Dongfei Environment Group Co. Ltd (福建東飛環境集團有限公司)	11 January 2013	RMB133,333,333	60%	40%	City services
Country Garden Manguo Environmental Technology Group Co., Ltd. (碧桂園滿國環境科技集團有限公司)	26 March 2015	RMB50,500,000	70%	30%	City services
City-Media (Shanghai) Corporation Co., Ltd. (城市縱橫 上海 文化傳媒有限公司)	20 December 2010	RMB60,000,000	65%	35%	City media
Shanghai Jinchen Property Management Co., Ltd (上海金晨物業經營管理有限公司)	20 February 1998	RMB10,000,000	100%	–	Property management and related services
Caixin Smart Life Services Group Limited. (財信智慧生活服務集團有限公司)	01 November 2006	RMB200,000,000	100%	–	Property management and related services
Guiyang Southwest International Trade City Management Co., Ltd. (貴陽西南國際商貿城經營管理有限公司)	04 September 2012	RMB50,000,000	100%	–	Property management and related services
Hainan Dehui Technology Management Service Co., Ltd. (海南德暉科技管理服務有限公司)	23 April 2021	RMB10,000,000	100%	–	Retail

18 Subsidiaries *(Continued)*

Name	Date of incorporation	Nominal value of issued and fully paid share capital/paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Guangdong Shunhui Business Management Co., Ltd. (廣東順暉商業管理有限公司)	20 January 2021	RMB25,500,000	85%	15%	Commercial Complex management services
Sichuan Justbon Life Services Group Co., Ltd. ("Justbon Services") (四川嘉寶生活服務集團股份有限公司)	07 December 2000	RMB178,102,160	100%	–	Property intermediary services
Country Garden City Light Intelligent Property Services Co., Ltd (碧桂園城市之光智慧物業服務有限公司)	15 December 1998	RMB19,390,000	51%	49%	Property management and related services
Guangdong Yingsheng Equity Investment Fund Management Co., Ltd (廣東盈盛股權投資基金管理有限公司)	04 May 2015	RMB10,000,000	100%	–	Capital Markets Services
Guangdong Fenghuangdaojia Vocational Skill Training School Co., Ltd. (廣東鳳凰到家職業技能培訓學校有限公司)	31 December 2019	RMB10,000,000	70%	30%	Education
Guangdong Country Garden Modern Life Property Management Co., Ltd. (廣東碧桂園現代生活物業管理有限公司)	31 December 2019	RMB50,000,000	100%	–	Property intermediary services
Wenjin International Insurance Broker Co., Ltd. (文津國際保險經紀有限公司)	08 November 2007	RMB50,000,000	100%	–	Insurance services
Guangdong Bi'An Security Service Co., Ltd. (廣東碧安保安服務有限公司)	19 June 2020	RMB10,000,000	100%	–	The repair industry of motor vehicles, electronics and daily necessities
Guangdong Bi'An Electromechanical Engineering Co., Ltd. (廣東碧安機電工程有限公司)	09 May 2020	RMB10,000,000	100%	–	Construction and installation industry

18 Subsidiaries *(Continued)*

Name	Date of incorporation	Nominal value of issued and fully paid share capital/paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Tianjin TEDA City Investment Property Management Co., Ltd. (天津泰達城投物業管理有限公司)	24 February 2004	RMB11,260,000	70%	30%	Property intermediary services
Link Joy Holdings Group Co., Ltd. ("Link Joy") (鄰里樂控股集團有限公司)	26 June 2015	RMB6	100%	–	Property management and related services
Wealth Best Global Holdings Group Company Limited ("Wealth Best Global") (富良環球有限公司)	10 December 1998	RMB634	100%	–	Property management and related services
Shenzhen Biguiyuan Shengfu Real Estate Management Co., Ltd. (深圳碧桂園盛孚物業管理有限公司)	16 August 1995	RMB15,000,000	100%	–	Property management and related services
Haikou Xinhuazhengda Airport Integrated Service Provider Co., Ltd. (海口新華正達空港服務有限公司)	02 November 1994	RMB13,200,000	90%	10%	Business services
Guangdong Meifang Zhigao Robot Co., Ltd. (廣東美房智高機器人有限公司)	18 January 2021	RMB20,000,000	100%	–	Science and technology promotion and application of service industries
Henan Guangxin Advertising Co., Ltd. (河南廣新廣告有限公司)	14 January 2005	RMB19,030,000	60%	40%	Business services
Anhui Chenghe Property Services Co., Ltd (安徽誠和物業服務有限公司)	26 August 2008	RMB20,000,000	100%	–	Property management and related services
Sichuan Hemeng Real Estate Management Co., Ltd. (四川和盟物業管理有限公司)	18 May 2004	RMB12,000,000	100%	–	Property management and related services
Shenzhen Country Garden Business Management Co., Ltd. (深圳碧桂園商業管理有限公司)	22 February 2016	RMB10,000,000	50%	50%	Business services

18 Subsidiaries *(Continued)*

Name	Date of incorporation	Nominal value of issued and fully paid share capital/paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Tianjin Languang Quanwei Business Management Co., Ltd. (天津藍光全維商業管理有限公司)	19 October 2020	RMB10,000,000	100%	–	Building decoration, renovation and other construction industries
Shenzhen Jiaxin Consulting Services Co., Ltd. (深圳市嘉信諮詢服務有限公司)	16 June 2016	RMB204,000,000	100%	–	Business services
Shenzhen Happy Vientiane Investment Partnership (Limited Partnership) (深圳市幸福萬象投資合夥企業有限合夥)	11 April 2014	RMB980,000,000	100%	–	Investment holding
Wanxiangmei Property Management Co., Ltd. (萬象美物業管理有限公司)	08 May 2015	RMB50,000,000	100%	–	Property management and related services
Shenzhen Kaiyuan International Real Estate Management Co., Ltd. (深圳市開元國際物業管理有限公司)	19 October 2000	RMB50,000,000	100%	–	Property management and related services
Chongqing Degu Trading Co., Ltd. (重慶得固商貿有限公司)	04 May 2014	RMB10,000,000	100%	–	Property intermediary services
Hainan Zhaonan Property Services Co., Ltd. (海南兆南物業服務有限公司)	07 June 2000	RMB15,000,000	70%	30%	Property management and related services
Shenzhen Gongyuan Property Management Co., Ltd. (深圳市公元物業管理有限公司)	22 December 2004	RMB20,000,000	70%	30%	Property management and related services

18 Subsidiaries *(Continued)*

Name	Date of incorporation	Nominal value of issued and fully paid share capital/paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Longmen Junxi Investment Co., Ltd. (龍門縣駿熹投資有限公司)	09 August 2012	RMB10,000,000	100%	–	Investment holding
Guangzhou Tianli Real Estate Development Co., Ltd (廣州天力物業發展有限公司)	10 December 1997	RMB300,000,000	100%	–	Property intermediary services
Guangzhou Fuxing Investment Consulting Co., Ltd. (廣州富星投資諮詢有限公司)	11 December 2019	RMB310,000,000	100%	–	Business services
Guangzhou Fulin Commercial Operation Co., Ltd. (廣州富鄰商業運營有限公司)	15 June 2020	RMB20,000,000	100%	–	Journalism and publishing
Yangpu Chengyi Property Management Co., Ltd. (洋浦誠益物業管理有限公司)	25 April 2019	RMB500,000	100%	–	Property intermediary services
Beijing Guorui Real Estate Management Co., Ltd. (北京國瑞物業服務有限公司)	12 April 2002	RMB5,000,000	100%	–	Property intermediary services
Wuhan Xueyu Yunhai Network Technology Co., Ltd. (武漢雪域雲海網絡科技有限公司)	18 October 2016	RMB3,736,100	51%	49%	Science and technology promotion
Chengdu Dongjing Property Management Company Limited ("Chengdu Dongjing") (成都市東景物業管理有限公司)	15 October 2003	RMB5,500,000	100%	–	Property management and related services

The English names of the subsidiaries represent the best efforts made by the management of the Group in translating their Chinese names as they do not have official English names.

The directors of the Company consider that none of the non-controlling interests of the individual subsidiaries was significant to the Group and thus the individual financial information of these subsidiaries were not disclosed.

19 Investments accounted for using the equity method

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
At 1 January	**312,220**	79,514
Share of results	**41,421**	40,556
Acquisition of subsidiaries (note 37)	**41,825**	9,561
Additions	**8,573**	184,606
Dividends received	**(6,289)**	(2,017)
At 31 December	**397,750**	312,220

The directors of the Company consider that none of these investments as at 31 December 2021 was significant to the Group and thus the individual financial information of the investments accounted for using the equity method was not disclosed.

20 Financial instruments by category

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Financial assets at amortised cost:		
Trade and other receivables excluding prepayments	**14,477,250**	4,850,692
Cash and cash equivalents	**11,618,619**	15,215,224
Restricted bank deposits	**137,282**	126,271
	26,233,151	20,192,187
Financial assets at FVPL	**3,656,197**	2,566,122
Financial assets at FVOCI	**4,164,466**	9,950
	34,053,814	22,768,259
Financial liabilities at amortised cost:		
Trade and other payables excluding contingent considerations and non-financial liabilities	**11,353,120**	4,796,704
Lease liabilities	**1,140,691**	111,870
Convertible bonds	**4,064,827**	3,202,538
	16,558,638	8,111,112
Financial liabilities at fair value:		
Contingent considerations	**319,939**	925,721
	16,878,577	9,036,833

21 Financial assets at fair value through other comprehensive income

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Listed equity securities	**130,759**	—
Unlisted equity investments	**4,033,707**	9,950
	4,164,466	9,950

The investments mainly represent equity investments in several property management companies. The fair values of these investments were determined mainly based on direct comparison approach by making reference to quoted market price or recent transaction prices of similar deals.

22 Contract assets

The Group has recognised the following assets related to contracts with customers:

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Contract assets	**390,725**	—

Pursuant to the service concession agreements for sewage and waste treatment, the Group receives no payment from the grantors during the construction period and receives service fees when relevant services are rendered during the operating periods. Upon the completion of construction, the balance of contract assets will transfer to concession intangible assets.

23 Trade and other receivables

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Trade receivables (a)		
— Related parties (note 38(e))	**882,225**	179,157
— Third parties	**9,686,278**	4,204,856
	10,568,503	4,384,013
Less: allowance for impairment of trade receivables	**(280,150)**	(147,600)
	10,288,353	4,236,413
Other receivables		
— Payments on behalf of property owners	**555,326**	184,216
— Deposits	**513,765**	208,380
— Loans to third parties pledged by equities (b)	**2,328,928**	—
— Others (c)	**859,763**	235,652
	4,257,782	628,248
Less: allowance for impairment of other receivables	**(68,885)**	(13,969)
	4,188,897	614,279
Prepayments to suppliers		
— Related parties (note 38(e))	**5,309**	—
— Third parties	**973,604**	308,913
	978,913	308,913
Prepayments for tax	**121,721**	83,910
	15,577,884	5,243,515

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

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

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

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

23 Trade and other receivables *(Continued)*

(a) *(Continued)*

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

	At 31 December	
	2021	2020
	RMB'000	RMB'000
0–180 days	**7,746,716**	3,875,283
181–365 days	**1,577,206**	251,578
1 to 2 years	**1,069,344**	155,347
2 to 3 years	**104,944**	58,940
Over 3 years	**70,293**	42,865
	10,568,503	4,384,013

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2021, a provision of RMB280,150,000 (2020: RMB147,600,000) was made against the gross amounts of trade receivables (note 3.1).

(b) The Group provided short-term loans to third parties pledged by equity interests held by the corresponding parties. The loans to third parties bear interest rate at 6% to 15% per annum.

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

24 Financial assets at fair value through profit or loss

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Wealth management products (a)	**3,100,853**	2,069,730
Investment in a close-ended fund (b)	**529,092**	463,365
Listed equity security	**26,252**	33,027
	3,656,197	2,566,122

(a) The Group invested in various wealth management products. These products have a term of 12 months. They have an expected return rate ranging from 6.0% to 10.6%. The fair values of these investments were determined based on the expected return as stipulated in relevant contracts with the counterparties.

(b) This represented the Group's investment in a close-ended fund. The fair value of this investment was determined based on the valuation report provided by the fund manager.

25 Cash and cash equivalents and restricted bank deposits

	At 31 December 2021 RMB'000	2020 RMB'000
Cash at banks (a)	**11,755,901**	15,341,495
Less: Restricted bank deposits (b)	**(137,282)**	(126,271)
Cash and cash equivalents	**11,618,619**	15,215,224

As at 31 December 2021, cash and cash equivalents did not include housing maintenance funds of RMB14,850,000 (2020: RMB7,577,000) which were owned by the property owners but were deposited in the bank accounts in the name of the Group. Such deposits can be used by the Group for the purpose of public maintenance expenditures upon the approval from the relevant government authorities.

(a) Cash at banks were denominated in the following currencies:

	At 31 December 2021 RMB'000	2020 RMB'000
RMB	**5,741,171**	6,492,134
HKD	**5,962,307**	8,799,390
Other currencies	**52,423**	49,971
	11,755,901	15,341,495

(b) Restricted bank deposits mainly represents the cash deposits in bank as performance security for property management services according to the requirements of local government authorities and the deposits made as performance security for certain contracts relating to the city services business.

26 Share capital and share premium

	Note	Number of shares	Nominal value of shares	Equivalent nominal value of shares RMB'000	Share premium RMB'000	Total RMB'000	Treasury Shares RMB'000	Total RMB'000
Authorised								
Authorised share capital of USD0.0001 each		10,000,000,000	1,000,000					
At 1 Jan 2020, 31 Dec 2020, 1 Jan 2021 and 31 Dec 2021		10,000,000,000	1,000,000					
At 1 January 2020		2,710,893,800	271,089	1,728	1,755,190	1,756,918	–	1,756,918
Employee share scheme – exercise of options		48,479,800	4,848	34	78,383	78,417	–	78,417
Placing of shares		173,000,000	17,300	113	6,526,154	6,526,267	–	6,526,267
At 31 December 2020		2,932,373,600	293,237	1,875	8,359,727	8,361,602	–	8,361,602
At 1 January 2021		**2,932,373,600**	**293,237**	**1,875**	**8,359,727**	**8,361,602**	**–**	**8,361,602**
Employee share scheme – exercise of options	(a)	**58,545,400**	**5,854**	**36**	**971,059**	**971,095**	**–**	**971,095**
Placing of shares	(b)	**289,380,000**	**28,938**	**185**	**15,100,125**	**15,100,310**	**–**	**15,100,310**
Issuance of shares as a result of scrip dividend (note 13)		**394,682**	**39**	**–**	**26,080**	**26,080**	**–**	**26,080**
Buy-back of shares	(c)	**–**	**–**	**–**	**–**	**–**	**(594,070)**	**(594,070)**
Cancellation of shares	(c)	**(12,282,000)**	**(1,228)**	**(8)**	**(594,062)**	**(594,070)**	**594,070**	**–**
Conversion of convertible bonds (note 32(a))		**97,656,221**	**9,766**	**63**	**3,337,534**	**3,337,597**	**–**	**3,337,597**
At 31 December 2021		**3,366,067,903**	**336,606**	**2,151**	**27,200,463**	**27,202,614**	**–**	**27,202,614**

26 Share capital and share premium *(Continued)*

(a) During the year ended 31 December 2021, the Company issued 10,616,700 and 29,267,700 shares as a result of the exercise of share options by certain directors and other eligible participants, respectively (note 29(a)), which were granted under the pre-listing share option scheme adopted by the Company in 2018, and raised net proceeds of approximately HKD37,491,000 (equivalent to approximately RMB31,378,000) in aggregate. The related share-based payments reserve of RMB12,404,000 was transferred to the share premium account as a result of the above exercise of the options.

During the year ended 31 December 2021, the Company issued 4,290,000 and 14,371,000 shares as a result of the exercise of share options by certain directors and other eligible participants, respectively (note 29(b)), which were granted under the share option scheme adopted by the Company in 2020, and raised net proceeds of approximately HKD934,356,000 (equivalent to approximately RMB774,056,000) in aggregate. The related share-based payments reserve of RMB153,257,000 was transferred to the share premium account as a result of the above exercise of the options.

(b) On 24 May 2021, the Company issued 139,380,000 shares at a subscription price of HKD75.25 per share and raised net proceeds of approximately HKD10,424,100,000 (equivalent to approximately RMB8,538,383,000) under a private placement.

On 18 November 2021, the Company issued 150,000,000 shares at a subscription price of HKD53.35 per share and raised net proceeds of approximately HKD8,002,124,000 (equivalent to approximately RMB6,561,927,000) under a private placement.

(c) During the year ended 31 December 2021, the Company bought back and cancelled a total of 12,282,000 shares. The buy-back and cancellation were approved by shareholders at the annual general meeting on 28 May 2021. The total consideration paid to buy back these shares was RMB594,070,000, which has been deducted from equity attributable to the owners of the Company. The shares were acquired at a weighted average price of HKD58.18 per share, with prices ranging from HKD46.20 to HKD62.25.

27 Other reserves

	Statutory Reserves RMB'000	FVOCI reserve RMB'000	Currency translation reserve RMB'000	Share-based payments RMB'000	Others RMB'000	Total RMB'000
At 1 January 2020	216,668	—	327	36,819	277,767	531,581
Other comprehensive losses	—	—	(13,070)	—	—	(13,070)
Transactions with non-controlling interests	—	—	—	—	931	931
Employee share schemes						
— value of employee services	—	—	—	239,402	(5,653)	233,749
— exercise of options	—	—	—	(36,819)	—	(36,819)
Equity component of convertible bonds	—	—	—	—	133,925	133,925
Transfer to statutory reserves	67,054	—	—	—	—	67,054
At 31 December 2020	283,722	—	(12,743)	239,402	406,970	917,351
At 1 January 2021	**283,722**	**—**	**(12,743)**	**239,402**	**406,970**	**917,351**
Currency translation differences	**—**	**—**	**(3,508)**	**—**	**—**	**(3,508)**
Changes in fair value of financial assets at FVOCI	**—**	**(64,462)**	**—**	**—**	**—**	**(64,462)**
Transactions with non-controlling interests (note 36)	**—**	**—**	**—**	**—**	**(499,361)**	**(499,361)**
Employees share schemes						
— value of employee services (note 9)	**—**	**—**	**—**	**217,348**	**—**	**217,348**
— exercise of options (note 26)	**—**	**—**	**—**	**(165,661)**	**—**	**(165,661)**
Equity component of convertible bonds (note 32)	**—**	**—**	**—**	**—**	**99,365**	**99,365**
Conversion of convertible bonds (note 32)	**—**	**—**	**—**	**—**	**(133,925)**	**(133,925)**
Transfer to statutory reserves (a)	**101,493**	**—**	**—**	**—**	**—**	**101,493**
At 31 December 2021	**385,215**	**(64,462)**	**(16,251)**	**291,089**	**(126,951)**	**468,640**

(a) Pursuant to the relevant rules and regulations governing foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, the subsidiaries are required to transfer certain portion of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their respective registered capital.

28 Retained earnings

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
At 1 January	**5,286,787**	3,084,657
Profit for the year	**4,033,395**	2,686,128
Transfer to statutory reserves (note 27)	**(101,493)**	(67,054)
Dividends (note 13)	**(703,069)**	(416,944)
At 31 December	**8,515,620**	5,286,787

29 Share-based payments

(a) In May 2018, the Company granted share options under the pre-listing share option scheme under which the option holders are entitled to acquire an aggregate of 132,948,000 shares of the Company. Pursuant to the terms of pre-listing share option scheme, the options granted are subject to certain performance conditions.

The options granted to the grantees will be vested based on the following rates on the date of the audit report of the Group for the relevant financial year, provided that the vesting conditions above are satisfied in the relevant financial year: (i) 40% of the total number of the share options will be vested in the financial year the Group successfully listing ("Listing Year"); (ii) 30% of the total number of the share options will be vested in the financial year immediately following the Listing Year; and (iii) 30% of the total number of the share options will be vested in the second financial year after the Listing Year. If the vesting conditions above have not been fulfilled during the relevant financial year, the corresponding percentage of the share options granted will lapse.

All the options under the pre-listing share option scheme should be exercisable after vesting but before the expiry of 5 years after the grant date at the exercise price of HKD0.94 per share.

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

	2021		2020	
	Average exercise price in HKD	**Number of share options**	Average exercise price in HKD	Number of share options
At 1 January	**0.94**	**42,335,400**	0.94	90,815,200
Exercised	**0.94**	**(39,884,400)**	0.94	(48,479,800)
At 31 December	**0.94**	**2,451,000**	0.94	42,335,400
Vested and exercisable at 31 December	**0.94**	**–**	0.94	–

29 Share-based payments *(Continued)*

(a) *(Continued)*

Share options outstanding at the end of the year have the following expiry date and exercise price:

Grant date	Expiry date	Exercise price	Share options outstanding 31 December 2021
21 May 2018	20 May 2023	HKD0.94	—

The weighted average remaining contractual life of options outstanding at the end of the year is approximately 1.4 years.

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

The Group has to estimate the expected percentage of grantees that will stay within the Group (the "Expected Retention Rate") of the shares option scheme in order to determine the amount of share-based compensation expenses charged to profit or loss. As at 31 December 2021, the Expected Retention Rate was assessed to be 100% (2020: 100%).

(b) In September 2020, the Company granted share options under the share option scheme under which the option holders are entitled to acquire an aggregate of 71,500,000 shares of the Company. Pursuant to the terms of the share option scheme, the options granted are subject to certain performance conditions.

The options granted to the grantees will be vested based on the following rates on the date of the audit report of the Group for the relevant financial year, provided that the vesting conditions above are satisfied in the relevant financial year: (i) 40% of the total number of the share options will be vested in the financial year in which the share options are granted (the "Grant Year"); (ii) 30% of the total number of the share options will be vested in the financial year immediately following the Grant Year; and (iii) 30% of the total number of the share options will be vested in the second financial year after the Grant Year. If the vesting conditions above have not been fulfilled during the relevant financial year, the corresponding percentage of the share options granted will lapse.

All the options under the share option scheme should be exercisable after vesting but before the expiry of 5 years after the grant date at the exercise price of HKD50.07 per share.

29 Share-based payments *(Continued)*

(b) *(Continued)*

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

	2021		2020	
	Average exercise price in HKD	**Number of share options**	Average exercise price in HKD	Number of share options
At 1 January	**50.07**	**71,500,000**	—	—
Granted	**50.07**	**—**	50.07	71,500,000
Exercised	**50.07**	**(18,661,000)**	—	—
Forfeited	**50.07**	**(1,160,000)**	—	—
At 31 December	**50.07**	**51,679,000**	50.07	71,500,000
Vested and exercisable at 31 December	**50.07**	**8,979,000**	50.07	—

Share options outstanding at the end of the year have the following expiry date and exercise price:

Grant date	Expiry date	Exercise price	Share options outstanding 31 December 2021
28 September 2020	27 September 2025	HKD50.07	8,979,000

The weighted average remaining contractual life of options outstanding at the end of period is approximately 3.8 years.

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

The Group has to estimate the expected percentage of grantees that will stay within the Group (the “Expected Retention Rate”) of the shares option scheme in order to determine the amount of share-based compensation expenses charged to profit or loss. As at 31 December 2021, the Expected Retention Rate was assessed to be 97.5% (2020: 100%).

(c) In March 2021, the Company granted share options under the share option scheme under which the option holders are entitled to acquire an aggregate of 1,600,000 shares of the Company. Pursuant to the terms of the share option scheme, the options granted are subject to certain performance conditions.

The options granted to the grantees will be vested based on the following rates on the date of the audit report of the Group for the relevant financial year, provided that the vesting conditions above are satisfied in the relevant financial year: (i) 40% of the total number of the share options will be vested in the financial year in the Grant Year; (ii) 30% of the total number of the share options will be vested in the financial year immediately following the Grant Year; and (iii) 30% of the total number of the share options will be vested in the second financial year after the Grant Year. If the vesting conditions above have not been fulfilled during the relevant financial year, the corresponding percentage of the share options granted will lapse.

29 Share-based payments *(Continued)*

(c) *(Continued)*

All the options under the share option scheme should be exercisable after vesting but before the expiry of 5 years after the grant date at the exercise price of HKD72.40 per share.

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

	2021		2020	
	Average exercise price in HKD	**Number of share options**	Average exercise price in HKD	Number of share options
At 1 January	**—**	**—**	—	—
Granted	**72.40**	**1,600,000**	—	—
At 31 December	**72.40**	**1,600,000**	—	—
Vested and exercisable at 31 December	**72.40**	**—**	—	—

Share options outstanding at the end of the year have the following expiry date and exercise price:

Grant date	Expiry date	Exercise price	Share options outstanding 31 December 2021
23 March 2021	22 March 2026	HKD72.40	—

The weighted average remaining contractual life of options outstanding at the end of period is approximately 4.3 years.

29 Share-based payments *(Continued)*

(c) *(Continued)*

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

The Group has to estimate the Expected Retention Rate of the shares option scheme in order to determine the amount of share-based compensation expenses charged to profit or loss. As at 31 December 2021, the Expected Retention Rate was assessed to be 100%.

The fair value of share options granted is HKD13.24 (equivalent to RMB11.09) per option, which was determined using the Binomial Model by an independent appraiser based on significant unobservable inputs. These inputs include:

Description	Fair value of share options granted	Unobservable inputs	Range of unobservable inputs	Relationship of Unobservable inputs to fair value
Share options	HKD21,181,000 (equivalent to RMB17,739,000)	Suboptimal exercise factor	1	The higher the suboptimal exercise factor, the higher the fair value
		Volatility	30%	The higher the volatility, the higher the fair value
		Risk-free interest rate	0.6%	The higher the risk-free interest rate, the higher the fair value
		Dividend yield	1.0%	The lower the dividend yield, the higher the fair value

The fair value of share options is subject to a number of assumptions and the limitation of the model. There were no significant inter-relationships between unobservable inputs that materially affect fair values.

30 Trade and other payables

	At 31 December 2021 RMB'000	2020 RMB'000
Trade payables		
— Related parties (note 38(e))	**43,342**	20,740
— Third parties	**4,451,055**	2,152,410
	4,494,397	2,173,150
Other payables		
— Deposits	**1,785,935**	881,459
— Temporary receipts from properties owners	**2,992,989**	1,001,916
— Outstanding considerations payable for business combinations (note)	**840,394**	1,079,367
— Accruals and others	**1,239,405**	586,533
	6,858,723	3,549,275
Payroll payables	**2,551,125**	1,464,830
Other taxes payables	**508,696**	288,367
	14,412,941	7,475,622

Note: As at 31 December 2021, the outstanding considerations payable for business combinations included contingent considerations amounted to RMB319,939,000 (2020: RMB925,721,000), which is measured at fair value.

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

The ageing analysis of trade payables based on the invoice date was as follows:

	At 31 December 2021 RMB'000	2020 RMB'000
Up to 1 year	**4,375,113**	2,117,199
1 to 2 years	**96,322**	44,902
2 to 3 years	**16,735**	7,082
Over 3 years	**6,227**	3,967
	4,494,397	2,173,150

31 Deferred income tax

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

	At 31 December 2021 RMB'000	2020 RMB'000
Deferred income tax assets:		
— to be recovered within 12 months	**84,104**	12,970
— to be recovered over 12 months	**80,460**	27,412
Total deferred tax assets	**164,564**	40,382
Set-off of deferred tax liabilities pursuant to set-off provisions	**(15,387)**	(2,425)
Net deferred tax assets	**149,177**	37,957
Deferred income tax liabilities:		
— to be recovered within 12 months	**322,680**	175,819
— to be recovered over 12 months	**1,967,556**	336,482
Total deferred tax liabilities	**2,290,236**	512,301
Set-off of deferred tax assets pursuant to set-off provisions	**(15,387)**	(2,425)
Net deferred tax liabilities	**2,274,849**	509,876

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, was as follows.

Deferred income tax assets:

	Allowance for impairment of receivables RMB'000	Tax losses RMB'000	Lease RMB'000	Fair value changes of financial assets RMB'000	Total RMB'000
At 1 January 2020	15,806	1,373	373	—	17,552
Acquisition of subsidiaries	—	383	445	—	828
Credited/(charged) to profit or loss	19,447	2,359	196	—	22,002
At 31 December 2020	35,253	4,115	1,014	—	40,382
At 1 January 2021	**35,253**	**4,115**	**1,014**	**—**	**40,382**
Acquisition of subsidiaries (note 37)	**—**	**35,106**	**—**	**—**	**35,106**
Credited/(charged) to other comprehensive income	**—**	**—**	**—**	**12,738**	**12,738**
Credited/(charged) to profit or loss	**51,089**	**17,064**	**8,185**	**—**	**76,338**
At 31 December 2021	**86,342**	**56,285**	**9,199**	**12,738**	**164,564**

31 Deferred income tax *(Continued)*

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable. For the year ended 31 December 2021, the Group did not recognise deferred income tax assets in respect of losses amounting to RMB118,129,000 (2020: RMB61,977,000) that can be carried forward against future taxable income. Tax losses of group companies operated in the PRC could be carried forward for a maximum of five years. These tax losses will expire up to year 2026 (2020: 2025).

Deferred income tax liabilities:

	Differences on recognition of depreciation RMB'000	Fair value gain from business combination RMB'000	Withholding income tax on profits to be distributed in future RMB'000	Fair value changes of financial assets RMB'000	Contractual service concession arrangements RMB'000	Total RMB'000
At 1 January 2020	(6,706)	(81,196)	(61,791)	–	–	(149,693)
Acquisition of subsidiaries	–	(353,658)	–	–	–	(353,658)
(Charged)/credited to profit or loss	4,281	25,094	4,800	(43,125)	–	(8,950)
At 31 December 2020	(2,425)	(409,760)	(56,991)	(43,125)	–	(512,301)
At 1 January 2021	**(2,425)**	**(409,760)**	**(56,991)**	**(43,125)**	**–**	**(512,301)**
Acquisition of subsidiaries (note 37)	**–**	**(1,831,862)**	**–**	**–**	**–**	**(1,831,862)**
(Charged)/credited to profit or loss	**(261)**	**133,052**	**(45,040)**	**(21,123)**	**(12,701)**	**53,927**
At 31 December 2021	**(2,686)**	**(2,108,570)**	**(102,031)**	**(64,248)**	**(12,701)**	**(2,290,236)**

As at 31 December 2021, the retained earnings of the Group's PRC subsidiaries not yet remitted to holding companies incorporated outside PRC, for which no deferred income tax liability had been provided, were approximately RMB7,034,117,000 (2020: RMB4,637,989,000). Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to their overseas holding companies in the foreseeable future based on management's estimation of overseas funding requirements.

32 Convertible bonds

(a) During the year ended 31 December 2021, all the convertible bonds issued in 2020 were converted into the Company's shares at the conversion price of HKD39.68 per share and cancelled upon the exercise of the conversion rights by the bondholders. As a result, a total number of 97,656,221 shares of the Company were issued and credited as fully paid.

(b) On 24 May 2021, a wholly owned subsidiary of the Company, Best Path Global Limited, UBS AG Hong Kong Branch, China International Capital Corporation Hong Kong Securities Limited and Morgan Stanley & Co. International plc as the managers entered into a subscription agreement for HKD-settled zero coupon convertible bonds in an aggregate principal amount of HKD5,038,000,000 (equivalent to approximately RMB4,143,251,000) due 1 June 2022, with an initial conversion price of HKD97.83 per share. On 3 June 2021 (the "Issue Date"), the convertible bonds were issued. The net proceeds from the issue of the convertible bonds were approximately RMB4,114,311,000, after the deduction of transaction costs approximately RMB28,940,000. The initial value of the liability component of approximately RMB4,014,946,000 (the fair value was calculated using a market interest rate for equivalent non-convertible bonds) is subsequently stated at amortised cost until conversion or maturity of the bonds. The residual amount, representing the value of the equity conversion component, is accounted for as a conversion option reserve included in other reserves.

The convertible bonds recognised are calculated as follows:

	At 31 December 2021 RMB'000
Face value of the convertible bonds on the Issue Date	**4,143,251**
Less: transaction costs	**(28,940)**
Net proceeds	**4,114,311**
Less: equity component (note 27)	**(99,365)**
Liability component on initial recognition	**4,014,946**
Currency translation differences	**(25,388)**
Borrowing costs accrued	**75,269**
Liability component at 31 December 2021	**4,064,827**

Borrowing costs on the liability component of the convertible bonds were calculated using the effective interest method, applying the effective interest rate of 3.10% per annum.

The convertible bonds were guaranteed by the Company.

As at 31 December 2021, there has been no conversion or redemption of the convertible bonds.

33 Bank and other borrowings

	At 31 December 2021 RMB'000	2020 RMB'000
Non-current liabilities:		
— secured	**442,175**	247,584
Included in current liabilities:		
— secured	**680,363**	357,315
— unsecured	**—**	4,500
	680,363	361,815
Total bank and other borrowings	**1,122,538**	609,399

The Group's borrowings as at 31 December 2021 of RMB1,122,538,000 (2020: RMB609,399,000) were mainly secured by several city services projects, certain buildings, transportation equipment and investment properties of the Group with total net book amount of RMB97,055,000 (2020: RMB382,985,000) and pledged by trade receivables with total net book amount of RMB393,447,980 (2020: RMB1,458,748,000) and certain equity interests.

As at 31 December 2021, the Group's bank and other borrowings were repayable as follows:

	At 31 December 2021 RMB'000	2020 RMB'000
Within 1 year	**680,363**	361,815
Over 1 year and within 2 years	**49,325**	21,040
Over 2 years and within 5 years	**29,800**	77,194
Over 5 years	**363,050**	149,350
	1,122,538	609,399

The weighted average effective interest rate for the year ended 31 December 2021 was 4.99% (2020: 5.51%) per annum.

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

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

34 Cash flow information

(a) Cash generated from operations

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Profit before income tax	**5,672,839**	3,714,727
Adjustments for		
— Depreciation of property, plant and equipment (note 14)	**368,013**	174,292
— Depreciation of right-of-use assets (note 15)	**122,592**	44,862
— Depreciation of investment properties (note 16)	**68,450**	—
— Amortisation of other intangible assets (note 17)	**546,086**	116,933
— (Gains)/losses on disposal of plant, property and equipment (note 7)	**(34,574)**	604
— Losses on early termination of lease contracts (note 7)	**22**	198
— Realised and unrealised gains from financial assets at FVPL (note 7)	**(285,541)**	(186,129)
— Employee share schemes — value of employee services (note 9)	**217,348**	233,749
— Share of results of investments accounted for using the equity method (note 19)	**(41,421)**	(40,556)
— Losses on disposal of subsidiaries (note 7)	**674**	—
— Finance costs/(income) — net (note 10)	**97,848**	(43,689)
— Gains arising from negative goodwill (note 7)	**(5,236)**	—
Changes in working capital (excluding the effects of acquisition and disposal of subsidiaries):		
— Restricted bank deposits	**7,838**	(87,711)
— Inventories	**(52,609)**	(57,136)
— Trade and other receivables	**(2,534,978)**	(1,604,445)
— Contract assets	**(390,725)**	—
— Contract liabilities	**450,603**	895,415
— Trade and other payables	**547,498**	961,531
Cash generated from operations	**4,754,727**	4,122,645

(b) Non-cash investing and financing activities

Significant non-cash investing activities for the year end 31 December 2021 represented additions of right-of-use assets amounted to RMB936,180,000 (note 16).

Significant non-cash financing activities for the year end 31 December 2021 represented conversion of convertible bonds amounted to RMB3,203,673,000 (note 32).

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Net book amount (note 14)	**123,534**	31,145
Gains/(losses) on disposals (note 7)	**34,574**	(604)
Proceeds from disposals	**158,108**	30,541

34 Cash flow information *(Continued)*

(d) Net cash reconciliation

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

	Other assets	Liabilities from financing activities			
	Cash RMB'000	Lease liabilities RMB'000	Bank and other borrowings RMB'000	Convertible bonds RMB'000	Total RMB'000
Net cash at 1 January 2020	6,914,148	(30,423)	–	–	6,883,725
Cash flows	8,743,853	75,662	(139,142)	(3,513,592)	5,166,781
Acquisition of subsidiaries	–	(73,821)	(464,850)	–	(538,671)
Acquisition of new contracts	–	(79,092)	–	–	(79,092)
Interest expenses accrued	–	(8,281)	(5,407)	(101,069)	(114,757)
Early termination of contracts	–	4,085	–	–	4,085
Currency translation differences	(442,777)	–	–	278,198	(164,579)
Other non-cash movement	–	–	–	133,925	133,925
Net cash at 31 December 2020	15,215,224	(111,870)	(609,399)	(3,202,538)	11,291,417

	Other assets	**Liabilities from financing activities**			
	Cash RMB'000	**Lease liabilities RMB'000**	**Bank and other borrowings RMB'000**	**Convertible bonds RMB'000**	**Total RMB'000**
Net cash at 1 January 2021	**15,215,224**	**(111,870)**	**(609,399)**	**(3,202,538)**	**11,291,417**
Cash flows	**(3,387,438)**	**205,259**	**(423,739)**	**(4,114,311)**	**(7,720,229)**
Acquisition of subsidiaries (note 37)	**–**	**(28,548)**	**(89,400)**	**–**	**(117,948)**
Acquisition of new contracts	**–**	**(1,165,069)**	**–**	**–**	**(1,165,069)**
Interest expenses accrued	**–**	**(41,958)**	**–**	**(115,870)**	**(157,828)**
Early termination of contracts	**–**	**1,495**	**–**	**–**	**1,495**
Currency translation differences	**(209,167)**	**–**	**–**	**64,854**	**(144,313)**
Conversion of convertible bonds	**–**	**–**	**–**	**3,203,673**	**3,203,673**
Other non-cash movement	**–**	**–**	**–**	**99,365**	**99,365**
Net cash at 31 December 2021	**11,618,619**	**(1,140,691)**	**(1,122,538)**	**(4,064,827)**	**5,290,563**

35 Commitments

Commitments for capital expenditures

	At 31 December 2021 RMB'000	2020 RMB'000
Contracted but not provided for:		
Property, plant and equipment	**18,090**	296,540
Intangible assets	**28,160**	23,860

As at 31 December 2021, the Group did not have any significant guarantees (2020: nil).

36 Transactions with non-controlling interests

Acquisition of additional interests in a subsidiary

During the period from August 2021 to December 2021, the Group acquired additional 5% equity interest in Justbon Services at a consideration of RMB556,867,000. In August 2021, the Group acquired additional 35% equity interest in Chengdu Dongjing at a consideration of RMB77,870,000. The effect of the acquisition is summarised as follows:

	Year ended 31 December 2021 RMB'000
Cash considerations	
— Settled in 2021	**595,797**
— Outstanding as at 31 December 2021	**38,940**
	634,737
Carrying amount of non-controlling interests acquired	**(135,376)**
Difference recorded within equity	**499,361**

37 Business combinations

In June 2021, the Group acquired 94.62% equity interest in Justbon Services from third parties at a cash consideration of RMB7,224,843,000.

In October 2021, the Group acquired 100% equity interest in Link Joy from third parties at a cash consideration of up to RMB3,300,000,000.

In October 2021, the Group acquired 100% equity interest in Wealth Best Global from third parties. The cash consideration paid is RMB5,000,000,000. Such consideration may be reduced as a result of the failure to meet certain conditions to the payment. Besides, the Group conditionally agreed to pay up to RMB2,000,000,000 and RMB3,000,000,000 for the continuity of related business with the third parties and extra areas under management of 66 million sq.m., respectively, which are subject to further negotiation.

The Group also acquired several other property management companies, media companies and a property agency company from third parties during the current year at an aggregate fixed cash considerations of RMB3,853,436,000 and a contingent cash consideration not exceeding RMB152,797,000. The above acquired companies have been accounted for as subsidiaries of the Group since their respective acquisition dates. Details of the purchase considerations, the net assets acquired and goodwill are as follows:

	Justbon Services RMB'000	Wealth Best Global RMB'000	Link Joy RMB'000	Others RMB'000	Total RMB'000
Total purchase considerations					
— Fixed cash considerations	7,224,843	5,000,000	3,300,000	3,853,436	19,378,279
— Settled in 2021	7,224,843	5,000,000	3,000,000	3,632,981	18,857,824
— Outstanding as at 31 December 2021	—	—	300,000	220,455	520,455
— Estimated contingent considerations	—	—	—	152,797	152,797
— Settled in 2021	—	—	—	—	—
— Outstanding as at 31 December 2021	—	—	—	152,797	152,797
	7,224,843	5,000,000	3,300,000	4,006,233	19,531,076

37 Business combinations *(Continued)*

Total recognised amounts of identifiable assets acquired and liabilities assumed are as follows:

	Justbon Services RMB'000	Wealth Best Global RMB'000	Link Joy RMB'000	Others RMB'000	Total RMB'000
— Property, plant and equipment (note 14)	58,901	59,148	91,707	64,670	274,426
— Right-of-use assets (note 15)	12,155	8,619	2,482	5,292	28,548
— Investment properties (note 16)	33,068	—	2,957	—	36,025
— Other intangible assets (note 17)	2,084,694	2,210,001	1,775,761	1,088,102	7,158,558
Identified contracts and customer relationships and brand	2,008,113	2,206,858	1,775,756	1,084,284	7,075,011
Software	76,581	3,143	5	3,818	83,547
— Investments accounted for using the equity method (note 19)	1,948	—	—	39,877	41,825
— Deferred income tax assets (note 31)	25,587	6,389	—	3,130	35,106
— Inventories	18,009	—	2	2,983	20,994
— Trade and other receivables	1,408,859	1,716,649	1,293,767	1,149,535	5,568,810
— Restricted bank deposits	11,897	3,309	375	3,268	18,849
— Cash and cash equivalents	1,783,536	155,801	76,403	169,246	2,184,986
— Bank and other borrowings	—	—	—	(89,400)	(89,400)
— Contract liabilities	(598,401)	(317,858)	(368,683)	(218,232)	(1,503,174)
— Lease liabilities	(12,155)	(8,619)	(2,482)	(5,292)	(28,548)
— Trade and other payables	(1,530,569)	(1,751,304)	(2,339,527)	(978,997)	(6,600,397)
— Current income tax liabilities	(96,292)	(97,682)	(22,415)	(11,422)	(227,811)
— Deferred income tax liabilities (note 31)	(583,398)	(551,714)	(443,939)	(252,811)	(1,831,862)
Total identifiable net assets	2,617,839	1,432,739	66,408	969,949	5,086,935
Non-controlling interests	(293,571)	—	—	(189,845)	(483,416)
Negative goodwill	—	—	—	(5,236)	(5,236)
Goodwill	4,900,575	3,567,261	3,233,592	3,231,365	14,932,793
	7,224,843	5,000,000	3,300,000	4,006,233	19,531,076
Outflow of cash to acquire business, net of cash acquired:					
Partial settlement of cash considerations	7,224,843	5,000,000	3,000,000	3,632,981	18,857,824
Less: Cash and cash equivalents in the subsidiaries acquired	(1,783,536)	(155,801)	(76,403)	(169,246)	(2,184,986)
Net cash outflow on acquisitions	5,441,307	4,844,199	2,923,597	3,463,735	16,672,838

(a) Other intangible assets including identified property management contracts and customer relationships and brand amounting to RMB7,075,011,000 in relation to the acquisitions have been recognised by the Group (note 17).

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

(c) The acquired businesses contributed total revenues of RMB3,682,612,000 and net profits of RMB505,285,000 to the Group for the period from their respective acquisition dates to 31 December 2021. Had these companies been consolidated from 1 January 2021, the consolidated statements of comprehensive income would show pro-forma revenue of RMB36,808,302,000 and net profit of RMB5,261,395,000.

38 Related party transactions

(a) Ultimate controlling shareholder

The Company is ultimately controlled by Ms. Yang Huiyan (the "Ultimate Controlling Shareholder").

(b) Transactions with related parties

The Group has entered into the following significant transactions with its related parties:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Provision of services		
— Entities controlled by the Ultimate Controlling Shareholder	**2,048,723**	1,170,489
— Entities jointly controlled by the Ultimate Controlling Shareholder	**260,774**	131,910
— Entities over which the Ultimate Controlling Shareholder has significant influence	**53,889**	50,096
	2,363,386	1,352,495
Purchase of goods and services		
— Entities controlled by the Ultimate Controlling Shareholder	**47,878**	38,907
— Entities jointly controlled by the Ultimate Controlling Shareholder	**617**	3,837
— Entities over which the Ultimate Controlling Shareholder has significant influence	**352**	—
— Entities controlled by the close relatives of the Ultimate Controlling Shareholder	**10,947**	—
	59,794	42,744
Acquisition of assets		
— Entities controlled by the Ultimate Controlling Shareholder	**36,800**	—
	36,800	—

38 Related party transactions *(Continued)*

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Addition of investment properties		
— Entities controlled by the Ultimate Controlling Shareholder	**548,339**	—
— Entities jointly controlled by the Ultimate Controlling Shareholder	**317,506**	—
	865,845	—
Interest expenses on lease liabilities		
— Entities controlled by the Ultimate Controlling Shareholder	**18,885**	—
— Entities jointly controlled by the Ultimate Controlling Shareholder	**11,330**	—
	30,215	—
Repayment of lease liabilities		
— Entities controlled by the Ultimate Controlling Shareholder	**37,503**	—
— Entities jointly controlled by the Ultimate Controlling Shareholder	**28,196**	—
	65,699	—

The prices for the above service fees and goods were determined in accordance with the terms mutually agreed by the contract parties.

(c) Free trademark license agreement

A trademark licencing agreement was entered into between the Company and a subsidiary of Country Garden Holdings Company Limited ("CGH"), Foshan Shunde Country Garden Property Development Company Limited ("佛山區順德碧桂園物業發展有限公司") ("Foshan Shunde") and a deed of trademark licencing was entered into between the Company and CGH (the "Trademark Licencing Arrangement"). Pursuant to the Trademark Licencing Arrangement, Foshan Shunde agreed and CGH would procure Foshan Shunde to irrevocably and unconditionally grant to the Group a non-transferable licence to use several trademarks registered in the PRC and Hong Kong for a perpetual term commencing from the date of the Trademark Licencing Agreement and the deed of trademark licencing, which are subject to the renewal of the licenced trademarks, on a royalty-free basis.

38 Related party transactions *(Continued)*

(d) Key management compensation

Key management includes directors and senior management. Compensations for key management are set out below:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Salaries and other short-term employee benefits	**22,610**	25,260
Share-based payments	**85,291**	180,409
Fees	**600**	600
Contribution to retirement benefits and other social insurances	**313**	279
	108,814	206,548

(e) Balances with related parties

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Receivables from related parties		
Trade receivables		
— Entities controlled by the Ultimate Controlling Shareholder	**642,628**	154,060
— Entities jointly controlled by the Ultimate Controlling Shareholder	**192,327**	14,945
— Entities over which the Ultimate Controlling Shareholder has significant influence	**42,702**	9,712
— Entities controlled by the close relatives of the Ultimate Controlling Shareholder	**4,568**	440
	882,225	179,157

38 Related party transactions *(Continued)*

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

	At 31 December 2021 RMB'000	2020 RMB'000
Prepayments		
— Entities controlled by the Ultimate Controlling Shareholder	**1,815**	—
— Entities jointly controlled by the Ultimate Controlling Shareholder	**494**	—
— Entities over which the Ultimate Controlling Shareholder has significant influence	**3,000**	—
	5,309	—
Payables to related parties		
Trade payables		
— Entities controlled by the Ultimate Controlling Shareholder	**22,124**	20,055
— Entities jointly controlled by the Ultimate Controlling Shareholder	**15,042**	—
— Entities over which the Ultimate Controlling Shareholder has significant influence	**233**	208
— Entities controlled by close relatives of the Ultimate Controlling Shareholder	**5,943**	477
	43,342	20,740
Contract liabilities		
— Entities controlled by the Ultimate Controlling Shareholder	**242**	436
— Entities jointly controlled by the Ultimate Controlling Shareholder	**44,186**	16,511
— Entities over which the Ultimate Controlling Shareholder has significant influence	**15,044**	9,589
— Entities controlled by close relatives of the Ultimate Controlling Shareholder	**42**	9
	59,514	26,545

39 Balance sheet and reserve movement of the Company

	Note	At 31 December 2021 RMB'000	2020 RMB'000
ASSETS			
Non-current assets			
Investments in subsidiaries		**243,870**	78,209
Property, plant and equipment		**29**	40
Other receivables		**23,580,885**	1,251,449
		23,824,784	1,329,698
Current assets			
Cash and cash equivalents		**1,776,289**	6,517,965
Dividends receivable		**2,616,590**	1,266,590
Other receivables		**113**	5,824
		4,392,992	7,790,379
Total assets		**28,217,776**	9,120,077
EQUITY			
Share capital and share premium		**26,959,684**	8,361,602
Other reserves		**242,930**	77,269
Retained earnings		**1,009,206**	678,657
Total equity		**28,211,820**	9,117,528
LIABILITIES			
Current liabilities			
Other payables		**5,956**	2,549
Total liabilities		**5,956**	2,549
Total equity and liabilities		**28,217,776**	9,120,077

The balance sheet of the Company was approved by the Board of Directors on 29 March 2022 and was signed on its behalf.

LI Changjiang
Director

GUO Zhanjun
Director

39 Balance sheet and reserve movement of the Company *(Continued)*

Movement of retained earnings of the Company

	Retained earnings RMB'000	Other reserves RMB'000
At 1 January 2020	418,629	40,450
Profit for the year	676,972	—
Dividends	(416,944)	—
Issue of shares under employee scheme	—	36,819
At 31 December 2020	678,657	77,269

	Retained earnings RMB'000	**Other reserves RMB'000**
At 1 January 2021	**678,657**	**77,269**
Profit for the year	**1,033,618**	**—**
Dividends	**(703,069)**	**—**
Issue of shares under employee scheme	**—**	**165,661**
At 31 December 2021	**1,009,206**	**242,930**

40 Directors' benefits and interests

Chairman and Non-executive Director

Ms. Yang Huiyan (note (a))

Executive Director

Mr. Li Changjiang, President
Mr. Xiao Hua
Mr. Guo Zhanjun

Non-executive directors

Mr. Yang Zhicheng (note (a))
Ms. Wu Bijun (note (a))

Independent non-executive directors

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

(a) Directors' emoluments

The directors received emoluments from the Group for the year ended 31 December 2021 as follows:

Name	Fees RMB'000	Salary RMB'000	Contributions to retirement benefits and other social security costs RMB'000	Employee share schemes – value of employee services RMB'000	Total RMB'000
Executive directors					
Mr. Li Changjiang	–	6,510	38	23,293	29,841
Mr. Xiao Hua	–	2,030	31	7,321	9,382
Mr. Guo Zhanjun	–	1,750	40	6,655	8,445
Mr. Yang Zhicheng	–	–	–	13,311	13,311
Independent non-executive directors					
Mr. Mei Wenjue	200	–	–	–	200
Mr. Chen Weiru	200	–	–	–	200
Mr. Rui Meng	200	–	–	–	200
	600	10,290	109	50,580	61,579

40 Directors' benefits and interests *(Continued)*

(a) Directors' emoluments *(Continued)*

The directors received emoluments from the Group for the year ended 31 December 2020 as follows:

Name	Fees RMB'000	Salary RMB'000	Contributions to retirement benefits and other social security costs RMB'000	Employee share schemes – value of employee services RMB'000	Total RMB'000
Executive directors					
Mr. Li Changjiang	–	6,510	26	58,709	65,245
Mr. Xiao Hua	–	2,380	22	18,516	20,918
Mr. Guo Zhanjun	–	1,750	28	16,868	18,646
Mr. Yang Zhicheng	–	–	–	15,944	15,944
Independent non-executive directors					
Mr. Chen Weiru	200	–	–	–	200
Mr. Mei Wenjue	200	–	–	–	200
Mr. Rui Meng	200	–	–	–	200
	600	10,640	76	110,037	121,353

The non-executive directors, Ms. Yang Huiyan, Mr. Yang Zhicheng and Ms. Wu Bijun did not receive any emoluments from the Group during the years ended 31 December 2021 and 2020. Ms. Yang Huiyan, Mr. Yang Zhicheng and Ms. Wu Bijun have respectively made arrangements with the Company under which they have waived or agreed to waive their emoluments.

(b) Directors' retirement benefits

There were no retirement benefits paid to or receivable by directors during the year by defined benefit pension plans operated by the Group (2020: nil).

(c) Directors' termination benefits

There were no director's termination benefits subsisted during the year (2020: nil).

(d) Consideration provided to third parties for making available directors' services

There was no consideration provided to third parties for making available directors' services subsisted during the year (2020: nil).

40 Directors' benefits and interests *(Continued)*

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors subsisted during the year (2020: nil).

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

The Chairman and non-executive director, Ms. Yang Huiyan, is an executive director of CGH. The Group's transactions with CGH and its related entities are set out in note 38.

Save for the aforementioned transactions, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2020: nil).

41 Event occurred after the reporting period

On 11 February 2022, the Group entered into equity purchase agreements with certain independent third parties (the "sellers") pursuant to which the Group agreed to purchase and the sellers agreed to sell approximately 93.76% equity interests in aggregate of Everjoy Services Company Limited (中梁百悅智佳服務有限公司). The consideration shall be further agreed and the acquisition is not yet completed as at the date of the consolidated financial statements.

Glossary

"2022 AGM"	the annual general meeting of the Company to be held on Friday, 27 May 2022
"Board"	the board of Directors
"Bright Scholar"	Bright Scholar Education Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed in the form of American Depository Shares representing Class A ordinary shares on the New York Stock Exchange (NYSE ticker: BEDU)
"Bright Scholar Group"	Bright Scholar, its subsidiaries and its variable interest entities
"CG Holdings" or "CGH"	Country Garden Holdings Company Limited (碧桂園控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2007)
"CG Life Services"	Country Garden Life Services Group Co., Ltd.* (碧桂園生活服務集團股份有限公司), formerly known as Guangdong Country Garden Property Services Co. Ltd* (廣東碧桂園物業服務股份有限公司) and subsequently known as Country Garden Intelligent Services Group Co., Ltd.* (碧桂園智慧物業服務集團股份有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
"CG Property Services HK"	Country Garden Property Services HK Holdings Company Limited (碧桂園物業香港控股有限公司), a company with limited liability established under the laws of Hong Kong and a wholly-owned subsidiary of the Company
"CGH Group"	CG Holdings and its subsidiaries
"Chairman"	the Chairman of the Board
"China Index Academy"	China Index Academy (中國指數研究院), an independent global market research and consulting company, which was established in 1994 in the PRC
"Company" or "CG Service"	Country Garden Services Holdings Company Limited (碧桂園服務控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6098)
"Concrete Win"	Concrete Win Limited, a limited liability company incorporated in the BVI on 7 April 2006, one of our Controlling Shareholders and is beneficially wholly-owned by Ms. Yang Huiyan
"Corporate Governance Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules (as effective during the Year)
"Deed of Non-competition"	the deed of non-competition dated 29 May 2018 entered into by Ms. Yang Huiyan in favour of the Company
"Directors"	the directors of the Company
"Eligible Shareholders"	the Shareholders whose names appear on the register of members of the Company on Tuesday, 7 June 2022
"Fortune Warrior"	Fortune Warrior Global Limited, a limited liability company incorporated in the BVI on 25 April 2019, one of our Controlling Shareholders and is beneficially wholly-owned by Ms. Yang Huiyan

Glossary

"Group" or "We"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Date"	19 June 2018, the date on which the Shares are first listed and from which dealings in the Shares first commence on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"PRC"	the People's Republic of China
"Pre-Listing Share Option Scheme"	a pre-listing share option scheme adopted by the then shareholders of the Company on 13 March 2018, which was subsequently amended by a resolution passed at the extraordinary general meeting held on 7 November 2019
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share"	ordinary share(s) with a par value of US$0.0001 each in the issued share capital of the Company
"Share Option Scheme"	the share option scheme adopted by the Company on 28 September 2020
"Shunbi Property"	Foshan Shunde Country Garden Property Development Company Limited* (佛山市順德區碧桂園物業發展有限公司), a limited liability company established in the PRC on 2 April 1997 and an indirect wholly-owned subsidiary of CGH
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"The Year"	The year ended 31 December 2021
"Three Supplies and Property Management"	water, electricity, heat supply and property management
"United Gain"	United Gain Group Ltd. (集裕集團有限公司), a company established under the laws of the BVI with limited liability and a wholly-owned subsidiary of the Company
"YIHAN"	EH Consulting (億翰智庫), a consulting firm specializing in the PRC real estate industry and listed on the National Equities Exchange and Quotations (stock code: 837350)
"%"	per cent

* For identification purpose only

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