碧桂园服务
COUNTRY GARDEN SERVICES

COUNTRY GARDEN SERVICES HOLDINGS COMPANY LIMITED
碧桂園服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6098)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2023	2022	Change
	(RMB million, unless otherwise stated)		
Revenue	**42,611.5**	41,366.6	3.0%
Gross profit	**8,731.9**	10,257.5	-14.9%
Percentage of general and administrative expenses	**9.1%**	10.3%	-1.2 percentage points
Net profit	**516.7**	2,261.3	-77.2%
Profit attributable to the owners of the Company	**292.3**	1,943.4	-85.0%
Core net profit* attributable to the owners of the Company	**3,939.5**	5,021.8	-21.6%
Basic earnings per share *(RMB cents)*	**8.69**	57.68	-84.9%
Diluted earnings per share *(RMB cents)*	**8.69**	57.68	-84.9%
Total bank deposits and cash	**12,939.3**	11,376.8	13.7%
Net cash generated from operating activities	**4,614.8**	3,321.3	38.9%
Revenue-bearing gross floor area ("**GFA**") of the property management services other than the "Three Supplies and Property Management" businesses *(million sq.m.)*	**956.9**	869.1	87.8
Contracted GFA of the property management services other than the "Three Supplies and Property Management" businesses *(million sq.m.)*	**1,633.0**	1,601.9	31.1
Revenue-bearing GFA of the property management services of the "Three Supplies and Property Management" businesses *(million sq.m.)*	**88.6**	88.1	0.5
Contracted GFA of the property management services of the "Three Supplies and Property Management" businesses *(million sq.m.)*	**93.4**	92.9	0.5

The Board of Directors recommended the payment of a final dividend of RMB2.19 cents per share (2022: RMB14.40 cents per Share) and a special dividend of RMB27.27 cents per share (2022: RMB22.81 cents per Share) as a token of appreciation to all shareholders for their continuous support and trust in the Company.

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

The board (the "**Board**") of directors (the "**Director(s)**") of Country Garden Services Holdings Company Limited (the "**Company**" or "**CG Services**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2023 (the "**Year**" or the "**current year**") as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2023	2022
	Note	***RMB'000***	*RMB'000*
Revenue	*4*	**42,611,511**	41,366,573
Cost of providing services	*7*	**(32,602,076)**	(30,099,530)
Cost of sales of goods	*7*	**(1,277,488)**	(1,009,577)
Gross profit		**8,731,947**	10,257,466
Selling and marketing expenses	*7*	**(342,140)**	(437,721)
General and administrative expenses	*7*	**(3,866,360)**	(4,270,325)
Impairment of goodwill and other intangible assets	*12*	**(1,475,999)**	(1,770,415)
Net impairment losses on financial and contract assets	*7*	**(2,593,799)**	(679,180)
Other income	*5*	**477,363**	537,678
Other gains/(losses) — net	*6*	**161,378**	(114,158)
Operating profit		**1,092,390**	3,523,345
Finance income	*8*	**271,998**	142,695
Finance costs	*8*	**(233,817)**	(214,827)
Finance income/(costs) — net	*8*	**38,181**	(72,132)
Share of results of investments accounted for using the equity method		**(50,921)**	34,425
Profit before income tax		**1,079,650**	3,485,638
Income tax expense	*9*	**(562,939)**	(1,224,302)
Profit for the year		**516,711**	2,261,336
Profit attributable to:			
— Owners of the Company		**292,335**	1,943,422
— Non-controlling interests		**224,376**	317,914
		516,711	2,261,336

	Note	Year ended 31 December 2023 RMB'000	2022 RMB'000
Other comprehensive income			
Items that may be reclassified to profit or loss:			
— Currency translation differences		**(15,970)**	(22,727)
Items that will not be reclassified to profit or loss:			
— Changes in fair value of financial assets at fair value through other comprehensive income		**173,446**	190,828
Total other comprehensive income for the year, net of tax		**157,476**	168,101
Total comprehensive income for the year		**674,187**	2,429,437
Total comprehensive income attributable to:			
— Owners of the Company		**449,811**	2,114,475
— Non-controlling interests		**224,376**	314,962
		674,187	2,429,437
Earnings per share for profit attributable to owners of the Company			
(expressed in RMB cents per share)			
— Basic	*10*	**8.69**	57.68
— Diluted	*10*	**8.69**	57.68

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 December	
		2023	2022
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,656,964**	1,477,517
Other right-of-use assets		**425,737**	214,389
Investment properties		**1,305,002**	1,989,667
Intangible assets	*12*	**23,927,309**	25,953,361
Investments accounted for using the equity method		**600,367**	644,815
Financial assets at fair value through other comprehensive income	*13*	**4,317,978**	4,151,610
Contract assets		**71,405**	427,725
Trade and other receivables	*14*	**162,435**	246,603
Deferred income tax assets		**907,500**	314,715
		33,374,697	35,420,402
Current assets			
Inventories		**516,265**	270,758
Trade and other receivables	*14*	**21,606,111**	22,146,142
Financial assets at fair value through profit or loss	*15*	**807,724**	862,822
Restricted bank deposits		**302,090**	161,002
Cash and cash equivalents		**12,637,187**	11,215,770
		35,869,377	34,656,494
Total assets		**69,244,074**	70,076,896
EQUITY			
Equity attributable to owners of the Company			
Share capital and share premium	*16*	**27,066,858**	27,329,914
Other reserves		**924,309**	812,916
Retained earnings		**8,164,706**	9,313,601
		36,155,873	37,456,431
Non-controlling interests		**2,626,204**	2,452,569
Total equity		**38,782,077**	39,909,000

	Note	At 31 December 2023 RMB'000	2022 RMB'000
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	*18*	**840,751**	1,015,929
Lease liabilities		**1,353,427**	2,053,781
Deferred income tax liabilities		**1,884,304**	2,104,015
		4,078,482	5,173,725
Current liabilities			
Contract liabilities		**7,591,490**	5,981,946
Trade and other payables	*17*	**17,436,240**	16,865,118
Current income tax liabilities		**462,736**	697,069
Bank and other borrowings	*18*	**728,797**	1,237,636
Lease liabilities		**164,252**	212,402
		26,383,515	24,994,171
Total liabilities		**30,461,997**	30,167,896
Total equity and liabilities		**69,244,074**	70,076,896

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

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 Act (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands.

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

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

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

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

2 BASIS OF PREPARATION

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

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

HKFRS comprise the following authoritative literature:

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

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying the Group's accounting policies. The areas involving a higher degree of judgments or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

(b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of financial assets at fair value through other comprehensive income ("**FVOCI**"), financial assets at fair value through profit or loss ("**FVPL**") and financial liabilities at FVPL, which are carried at fair value.

(c) New and amended standards adopted by the Group

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

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

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

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

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

		Effective for annual periods beginning on or after
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2024
Amendments to HKAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to HKFRS 16	Lease liability in a sale and leaseback	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements	1 January 2024
Hong Kong Interpretation 5 (2020)	Presentation of financial statements — classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2024
Amendments to HKAS 21	Lack of exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

3 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.

(b) Current tax and deferred tax

The Group is subject to income taxes in the PRC. Judgment is required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(c) Goodwill impairment assessment

For the purposes of goodwill impairment assessment, management considered each of the acquired companies a separate group of CGU and goodwill has been allocated to each of the acquired companies accordingly. Management assessed the impairment of goodwill by determining the recoverable amounts of the CGU based on higher of fair value less costs of disposal ("**FVLCOD**") and value in use. The goodwill impairment assessment calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Significant judgments and estimates were involved in the goodwill impairment assessment. These significant judgments and estimates include the adoption of appropriate valuation model and methodology and the use of key assumptions in the valuation, which primarily include annual revenue growth rates, gross profit margins, earnings before interest, tax, depreciation and amortization ("**EBITDA**") margins, terminal growth rate and discount rates. Please refer to note 12 for more details.

4 REVENUE AND SEGMENT INFORMATION

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

The Group was principally engaged in the provision of property management services, community value-added services, value-added services to non-property owners, water, electricity and heat supplies and property management services under the state-owned enterprises separation and reform program (hereinafter referred to as "**Three Supplies and Property Management**"), city services and commercial operational services in the PRC. The CODM of the Company regarded that there were four operating segments which were used to make strategic decisions:

— Property management and related services other than Three Supplies and Property Management businesses, which include property management services, community value-added services and value-added services to non-property owners;

— Three Supplies and Property Management businesses;

— City services business, which include sanitation, cleaning and sewage and waste treatment business; and

— Commercial operational services business.

The CODM assesses the performance of the operating segments based on a measure of operating profit, adjusted by excluding realised and unrealised gains from financial assets at FVPL, and including share of results of investments accounted for using the equity method.

Segment assets consist primarily of property, plant and equipment, other right-of-use assets, investment properties, intangible assets, investments accounted for using the equity method, contract assets, inventories, receivables, and operating cash. They exclude deferred income tax assets, financial assets at FVOCI and financial assets at FVPL. Segment liabilities consist primarily of operating liabilities. They exclude current and deferred income tax liabilities and bank and other borrowings.

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

Revenue mainly comprises of proceeds from provision of property management services, community value-added services, value-added services to non-property owners, heat supply services, city services and commercial operational services. An analysis of the Group's revenue by category for the years ended 31 December 2023 and 2022 was as follows:

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

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the years ended 31 December 2023 and 2022.

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

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

(a) Segment information

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

	Year ended 31 December 2023				
	Property management and related services other than Three Supplies and Property Management *RMB'000*	**Three Supplies and Property Management** *RMB'000*	**City services business** *RMB'000*	**Commercial operational services** *RMB'000*	**Total** *RMB'000*
Revenue from contracts with customers	**30,224,898**	**6,520,190**	**4,989,336**	**723,171**	**42,457,595**
Recognised over time	29,152,688	5,836,604	4,824,286	700,278	40,513,856
Recognised at a point time	1,072,210	683,586	165,050	22,893	1,943,739
Revenue from other source	—	—	—	294,510	294,510
Rental income	—	—	—	294,510	294,510
Total segment revenue	30,224,898	6,520,190	4,989,336	1,017,681	42,752,105
Less: inter-segment revenue	(29,625)	—	(105,706)	(5,263)	(140,594)
Revenue from external customers	30,195,273	6,520,190	4,883,630	1,012,418	42,611,511
Segment results	94,502	87,690	771,737	84,066	1,037,995
Share of results of investments accounted for using the equity method	(65,697)	13,754	1,182	(160)	(50,921)
Depreciation and amortisation charges	1,282,531	128,257	344,169	170,062	1,925,019
Net impairment losses on financial and contract assets	2,425,810	6,483	7,324	154,182	2,593,799
Impairment of goodwill and other intangible assets	1,064,022	—	411,977	—	1,475,999
Capital expenditure	943,224	397,922	599,284	374,982	2,315,412

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

	At 31 December 2023				
	Property management and related services other than Three Supplies and Property Management *RMB'000*	**Three Supplies and Property Management** *RMB'000*	**City services business** *RMB'000*	**Commercial operational services** *RMB'000*	**Total** *RMB'000*
Segment assets	**51,179,563**	**3,354,333**	**6,347,875**	**2,329,101**	**63,210,872**
Investments accounted for using the equity method	**424,350**	**155,786**	**19,981**	**250**	**600,367**
Segment liabilities	**19,124,589**	**3,017,510**	**2,376,646**	**2,026,664**	**26,545,409**

The segment information provided to the CODM for the year ended 31 December 2022 is as follows:

	Year ended 31 December 2022				
	Property management and related services other than Three Supplies and Property Management *RMB'000*	Three Supplies and Property Management *RMB'000*	City services business *RMB'000*	Commercial operational services *RMB'000*	Total *RMB'000*
Revenue from contracts with customers	29,731,761	5,553,124	4,887,437	1,073,836	41,246,158
Recognised over time	29,145,056	5,000,259	4,486,909	983,056	39,615,280
Recognised at a point time	586,705	552,865	400,528	90,780	1,630,878
Revenue from other source	—	—	—	263,831	263,831
Rental income	—	—	—	263,831	263,831
Total segment revenue	29,731,761	5,553,124	4,887,437	1,337,667	41,509,989
Less: inter-segment revenue	(40,313)	—	(50,556)	(52,547)	(143,416)
Revenue from external customers	29,691,448	5,553,124	4,836,881	1,285,120	41,366,573
Segment results	2,726,471	57,896	741,147	284,638	3,810,152
Share of results of investments accounted for using the equity method	19,496	13,278	1,651	—	34,425
Depreciation and amortisation charges	1,287,673	81,616	365,965	133,566	1,868,820
Net impairment losses on financial and contract assets	517,963	46,096	113,898	1,223	679,180
Impairment of goodwill and other intangible assets	1,770,415	—	—	—	1,770,415
Capital expenditure	618,556	145,437	410,564	1,200,298	2,374,855

The segment information provided to the CODM for the year ended 31 December 2022 is as follows: (continued)

	At 31 December 2022				
	Property management and related services other than Three Supplies and Property Management	Three Supplies and Property Management	City services business	Commercial operational services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	53,218,453	2,763,817	5,525,944	3,239,535	64,747,749
Investments accounted for using the equity method	477,155	149,438	18,222	—	644,815
Segment liabilities	17,830,918	2,509,966	1,905,831	2,866,532	25,113,247

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

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Segment results	**1,037,995**	3,810,152
Realised and unrealised gains/(losses) from financial assets at FVPL *(note 6)*	**3,474**	(252,382)
Finance income/(costs) — net	**38,181**	(72,132)
Profit before income tax	**1,079,650**	3,485,638

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

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

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

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

5 OTHER INCOME

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

6 OTHER GAINS/(LOSSES) — NET

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

7 EXPENSES BY NATURE

Expenses included in cost of providing services and sales of goods, selling and marketing expenses, general and administrative expenses and net impairment losses on financial and contract assets are analysed as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Employee benefit expenses	**15,384,516**	16,172,039
Cleaning expenses	**7,062,559**	6,144,222
Maintenance expenses	**2,667,873**	2,307,911
Net impairment losses on financial and contract assets	**2,593,799**	679,180
Security expenses	**2,137,449**	1,803,009
Utilities	**2,059,932**	1,851,112
Depreciation and amortisation charges	**1,925,019**	1,868,820
Heat supply costs	**1,325,298**	1,152,653
Cost of sales of goods	**1,277,488**	1,009,577
Greening and gardening expenses	**907,164**	779,868
Rental expenses for short-term and low-value leases	**433,855**	375,233
Office and communication expenses	**362,654**	335,183
Travelling and entertainment expenses	**349,152**	280,130
Professional service fees	**309,160**	247,341
Other labour outsourcing costs (i)	**308,193**	89,047
Transportation expenses	**251,499**	200,780
Sales service expenses	**204,801**	213,871
Other taxes and surcharges	**190,950**	188,177
Advertising and promotion costs	**152,949**	127,722
Community activities expenses	**132,205**	91,192
Bank charges	**111,867**	90,310
Cost of information technology services	**110,466**	101,461
Employee uniform expenses	**41,782**	24,821
Construction costs for infrastructures under service concession arrangements	**15,697**	121,874
Auditor's remuneration		
— Annual audit and interim review services	**13,850**	14,150
— Non audit services	**1,140**	2,040
— Tax consulting services	**450**	1,200
— Bond offering services	**—**	150
— Other services	**690**	690
Other expenses	**350,546**	224,610
	40,681,863	36,496,333

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

8 FINANCE INCOME/(COSTS) — NET

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

9 INCOME TAX EXPENSE

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

10 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2023	2022
Profit attributable to the owners of the Company *(RMB'000)*	**292,335**	1,943,422
Weighted average number of ordinary shares in issue *(thousands shares)*	**3,363,641**	3,369,141
Basic earnings per share *(RMB cents)*	**8.69**	57.68

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has dilutive potential ordinary shares arising from the share option schemes.

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

11 DIVIDENDS

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

The Board of Directors recommended the cash payment of a 2023 final dividend of RMB2.19 cents per share and a special dividend of RMB27.27 cents per share, totalling RMB984,870,000. The Dividend Scheme is conditional upon the passing of the resolution relating to the payment of the final dividend and special dividend at the forthcoming annual general meeting of the Company. These financial statements do not reflect this dividend payable.

12 INTANGIBLE ASSETS

	Software	Contracts and customer relationships	Insurance brokerage license	Brand	Concession intangible assets	Total other intangible assets	Goodwill	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
							(a)	
At 1 January 2022								
Cost	327,100	6,770,885	28,663	2,069,555	177,422	9,373,625	19,291,590	28,665,215
Accumulated amortisation	(40,730)	(551,203)	(3,918)	(107,944)	(11,191)	(714,986)	—	(714,986)
Accumulated impairment	—	(2,861)	—	—	—	(2,861)	(2,570)	(5,431)
Net book amount	286,370	6,216,821	24,745	1,961,611	166,231	8,655,778	19,289,020	27,944,798
Year ended 31 December 2022								
Opening net book amount	286,370	6,216,821	24,745	1,961,611	166,231	8,655,778	19,289,020	27,944,798
Acquisition of subsidiaries	401	188,684	—	96,887	—	285,972	586,226	872,198
Other additions	211,463	68,531	—	—	116,941	396,935	—	396,935
Amortisation	(80,115)	(815,393)	(2,474)	(242,579)	(19,988)	(1,160,549)	—	(1,160,549)
Disposals of subsidiaries	—	(81,883)	—	—	—	(81,883)	(238,391)	(320,274)
Other disposals	(9,332)	—	—	—	—	(9,332)	—	(9,332)
Impairment	—	—	—	(34,877)	—	(34,877)	(1,735,538)	(1,770,415)
Closing net book amount	408,787	5,576,760	22,271	1,781,042	263,184	8,052,044	17,901,317	25,953,361
At 31 December 2022								
Cost	528,642	6,938,827	28,663	2,166,442	294,363	9,956,937	19,639,425	29,596,362
Accumulated amortisation	(119,855)	(1,359,206)	(6,392)	(350,523)	(31,179)	(1,867,155)	—	(1,867,155)
Accumulated impairment	—	(2,861)	—	(34,877)	—	(37,738)	(1,738,108)	(1,775,846)
Net book amount	408,787	5,576,760	22,271	1,781,042	263,184	8,052,044	17,901,317	25,953,361
Year ended 31 December 2023								
Opening net book amount	**408,787**	**5,576,760**	**22,271**	**1,781,042**	**263,184**	**8,052,044**	**17,901,317**	**25,953,361**
Additions	**139,357**	**77,988**	**—**	**—**	**374,057**	**591,402**	**—**	**591,402**
Amortisation	**(61,839)**	**(807,793)**	**(2,474)**	**(240,979)**	**(27,824)**	**(1,140,909)**	**—**	**(1,140,909)**
Disposals	**(546)**	**—**	**—**	**—**	**—**	**(546)**	**—**	**(546)**
Impairment	**—**	**(5,595)**	**—**	**(1,888)**	**—**	**(7,483)**	**(1,468,516)**	**(1,475,999)**
Closing net book amount	**485,759**	**4,841,360**	**19,797**	**1,538,175**	**609,417**	**7,494,508**	**16,432,801**	**23,927,309**
At 31 December 2023								
Cost	**665,833**	**7,016,815**	**28,663**	**2,128,394**	**668,420**	**10,508,125**	**19,639,425**	**30,147,550**
Accumulated amortisation	**(180,074)**	**(2,166,999)**	**(8,866)**	**(588,331)**	**(59,003)**	**(3,003,273)**	**—**	**(3,003,273)**
Accumulated impairment	**—**	**(8,456)**	**—**	**(1,888)**	**—**	**(10,344)**	**(3,206,624)**	**(3,216,968)**
Net book amount	**485,759**	**4,841,360**	**19,797**	**1,538,175**	**609,417**	**7,494,508**	**16,432,801**	**23,927,309**

Amortisation of intangible assets were charged to the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Cost of sales	**1,079,070**	1,080,434
General and administrative expenses	**61,839**	80,115
	1,140,909	1,160,549

(i) Amortisation methods and periods

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

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

(ii) Software

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

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

(iii) Contracts and customer relationships

Contracts and customer relationships acquired in business combinations are recognised at fair value at the acquisition date. The contracts and customer relationships have a finite useful life and are carried at cost less accumulated amortisation and impairment.

(iv) Insurance brokerage license

Insurance brokerage license acquired in the business combination is recognised at fair value at the acquisition date. It has a finite useful life and is subsequently carried at cost less accumulated amortisation.

(v) Brand

Brand acquired in the business combination is recognised at fair value at the acquisition date. It has a finite useful life and is subsequently carried at cost less accumulated amortisation and impairment.

(vi) Concession intangible assets

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

(vii) Goodwill

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

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

(a) Impairment tests for goodwill

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

	At 31 December	
	2023	2022
	RMB'000	*RMB'000*
Wealth Best Global Holdings Group Company Limited ("**Wealth Best Global**")	**3,567,263**	3,567,263
Country Garden Life Services Group Company Limited ("**Life Services**")	**3,468,945**	1,189,736
Link Joy Holdings Group Co., Ltd. ("**Link Joy**")	**3,233,591**	3,233,591
Sichuan Justbon Life Services Group Co., Ltd. ("**Justbon Services**")	**2,973,736**	3,588,309
Country Garden Manguo Environmental Technology Group Co., Ltd. ("**Manguo**")	**1,958,891**	1,958,891
Caixin Smart Life Services Group Limited ("**Caixin Services**")	**—**	1,370,829
Fujian Dongfei Environment Group Co., Ltd. ("**Fujian Dongfei**")	**—**	406,382
City-Media (Shanghai) culture media Co., Ltd. ("**City Media**")	**—**	313,998
Others	**1,230,375**	2,272,318
	16,432,801	17,901,317

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

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

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

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

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

As at 31 December 2023, management reassessed the key assumptions for impairment testing of goodwill of the other CGU. Based on the assessment, the Group considered that no additional material impairment of goodwill was required.

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

	Justbon Services	Wealth Best Global	Link Joy	Manguo	Life Services	Fujian Dongfei	City Media	Others
2023								
Revenue growth rates during the projection period	**5.3%-5.7%**	**5.0%-9.0%**	**3.0%**	**5.0%**	**3.0%**	**-2.8%-5.0%**	**3.0%**	**-1.4%-9.4%**
Gross profit margins during the projection period	**30.0%**	**34.2%**	**34.6%**	**24.0%**	**21.8%**	**25.4%**	**33.0%**	**17.7%-62.1%**
EBITDA margins during the projection period	**21.7%**	**22.9%**	**22.7%**	**20.2%**	**11.9%**	**23.9%**	**15.9%**	**4.0%-53.0%**
Terminal growth rate	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**
Pre-tax discount rates	**18.7%**	**20.4%**	**20.7%**	**15.3%**	**20.8%**	**15.4%**	**21.1%**	**18.4%-22.5%**
2022								
Revenue growth rates during the projection period	3.8%-7.0%	3.0%	3.0%	3.0%	3.0%	3.0%	5.0%	3.0%-50.0%
Gross profit margins during the projection period	31.2%	36.0%	32.7%	23.9%	30.0%	28.0%	45.3%	15.5%-46.9%
EBITDA margins during the projection period	21.6%	25.6%	23.9%	21.9%	18.2%	22.9%-25.4%	29.9%	5.2%-33.5%
Terminal growth rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Pre-tax discount rates	15.8%	17.6%	17.7%	13.8%	18.5%	15.6%	20.4%	15.4%-20.8%

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

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

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

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

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

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

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

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

The investments mainly represent equity investments in several property management companies. The fair values of these investments were determined mainly based on direct comparison approach by making reference to quoted market price or recent transaction prices of similar deals.

14 TRADE AND OTHER RECEIVABLES

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

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

(a) Trade receivables mainly arise from property management services income under lump sum basis, value-added services to non-property owners, heat supply services, city services and commercial operational services.

Property management services income under lump sum basis, heat supply services income and commercial operational services income are received in accordance with the terms of the relevant service agreements. Service income from property management services and heat supply services are due for payment by the residents upon the issuance of demand note.

For value-added services to non-property owners and city services, customers are generally given a credit term of up to 90 days.

The aging analysis of the gross trade receivables based on invoice date was as follows:

	At 31 December	
	2023	2022
	RMB'000	*RMB'000*
0-180 days	**8,813,813**	11,779,462
181-365 days	**4,190,985**	2,091,517
1 to 2 years	**5,461,279**	1,699,600
2 to 3 years	**668,626**	270,136
Over 3 years	**376,482**	115,405
	19,511,185	15,956,120

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

(b) The Group provided short-term loans to several third parties pledged by equity interests of property management and property agency services companies in the PRC held by the corresponding parties. The loans to third parties bear interest rate at 6% to 15% per annum. These loans have a term of 2 to 12 months. The reason for the Group to provide such loans to the third parties is for potential acquisitions of equity interests of property management and property agency services companies. In 2023, one of the equities pledged has been released as a result of the completion of a relative equity acquisition transaction.

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

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

(a) The Group invested in various wealth management products. These products have a term of 3 to 5 years. They have an expected return rate ranging from 2.8% to 4.6%. The fair values of these investments were determined based on the expected returns as stipulated in relevant contracts with the counterparties.

(b) This represented the Group's investment in a fund. The fair value of this investment was determined based on the valuation report provided by the fund manager.

16 SHARE CAPITAL AND SHARE PREMIUM

	Note	**Number of shares**	**Nominal value of shares**	**Equivalent nominal value of shares** *RMB'000*	**Share premium** *RMB'000*	**Total** *RMB'000*	**Treasury Shares** *RMB'000*	**Total** *RMB'000*
Authorised								
Increase in authorised share capital of USD0.0001 each		10,000,000,000	1,000,000					
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023		10,000,000,000	1,000,000					
At 1 January 2022		3,366,067,903	336,606	2,151	27,200,463	27,202,614	—	27,202,614
Employee share scheme — exercise of options		2,451,000	245	2	2,642	2,644	—	2,644
Issuance of shares as a result of scrip dividend		5,566,033	557	4	147,856	147,860	—	147,860
Buy-back of shares		—	—	—	—	—	(82,050)	(82,050)
Cancellation of shares		(3,140,000)	(314)	(2)	(82,048)	(82,050)	82,050	—
Consideration issue		2,182,454	218	2	58,844	58,846	—	58,846
At 31 December 2022		3,373,127,390	337,312	2,157	27,327,757	27,329,914	—	27,329,914
At 1 January 2023		**3,373,127,390**	**337,312**	**2,157**	**27,327,757**	**27,329,914**	**—**	**27,329,914**
Buy-back of shares	*(a)*	**—**	**—**	**—**	**—**	**—**	**(266,603)**	**(266,603)**
Cancellation of shares	*(a)*	**(30,184,000)**	**(3,018)**	**(22)**	**(266,581)**	**(266,603)**	**266,603**	**—**
Consideration issue	*(b)*	**76,946**	**8**	**—**	**3,547**	**3,547**	**—**	**3,547**
At 31 December 2023		**3,343,020,336**	**334,302**	**2,135**	**27,064,723**	**27,066,858**	**—**	**27,066,858**

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

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

17 TRADE AND OTHER PAYABLES

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

As at 31 December 2023, the carrying amounts of trade and other payables approximated their fair values.

The aging analysis of trade payables based on the invoice date was as follows:

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

18 BANK AND OTHER BORROWINGS

	At 31 December 2023 *RMB'000*	2022 *RMB'000*
Non-current liabilities:		
— secured	**840,636**	1,015,814
— unsecured	**115**	115
	840,751	1,015,929
Included in current liabilities:		
— secured	**728,797**	1,234,636
— unsecured	**—**	3,000
	728,797	1,237,636
Total bank and other borrowings	**1,569,548**	2,253,565

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

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

	At 31 December 2023 *RMB'000*	2022 *RMB'000*
Within 1 year	**728,797**	1,237,636
Over 1 year and within 2 years	**137,973**	84,133
Over 2 years and within 5 years	**251,646**	64,738
Over 5 years	**451,132**	867,058
	1,569,548	2,253,565

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

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

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

19 FINANCIAL GUARANTEE

Caixin Services, a subsidiary of the Company, was acquired by the Group from its original shareholder, Chongqing Caixin Group Co., Ltd. ("**Caixin Group**"), on 30 September 2021 (the "**Acquisition Date**"). In late August 2022, certain bank accounts of Caixin Services were frozen judicially, in light of the fact that Caixin Services provided joint and several guarantee to a trust financing arrangement of Caixin Group prior to the Acquisition Date. The Company was informed by Caixin Group and validated the existence of this obligation after the incident happened.

According to information subsequently obtained, in addition to the pledge of the equity interest of a subsidiary held by Caixin Group, the debts were also secured by another eight guarantors, including: (1) one guarantor providing guarantees by way of asset pledge; and (2) the other seven entities (including Caixin Services) providing joint and several guarantee obligations. As at 31 December 2023, the principal amount involved in the guarantee of the relevant debt is approximately RMB689,500,000 (2022: same). Together with accrued interests and penalties, the total guarantee amount is approximately RMB934,500,000 (2022: RMB770,000,000).

Management of the Company represents that: (1) the Caixin Group confirms that, apart from this, Caixin Services provided no other external guarantee prior to the acquisition date; (2) the normal operation of Caixin Services has not been materially and adversely affected; (3) since the engagement with and acquisition of Caixin Services by the Group, Caixin Group has disclosed and undertaken that the guarantee did not exist during the course of due diligence and negotiation of the acquisition agreement, which, at present, is in violation of the relevant covenants and undertakings under the agreement regarding the acquisition of Caixin Services; (4) the Company has actively taken legal proceedings, to protect the Company's legitimate rights and interests. As at 31 December 2023, the amount of restricted bank deposits in the frozen bank accounts of Caixin Services was RMB23,562,000 (2022: RMB5,385,000). As at 31 December 2023, the Group has assessed that the expected credit losses for the financial guarantee and accordingly made a provision of RMB6,598,000 (2022: same). When estimating the expected credit losses of the financial guarantee, management applied estimation under various scenarios of repayment orders after taking into account the lawyer's opinion.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

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

Property Management Services

We provide property owners, residents and property developers with a series of property management services, including security, cleaning, green landscaping, gardening, repair and maintenance, and other services. During the Year, property management services recorded a revenue of approximately RMB24,698.5 million, representing a year-on-year increase of approximately 8.1% compared to the same period last year, and its percentage of total revenue further increased to approximately 58.0%.

As at 31 December 2023, apart from the "Three Supplies and Property Management" businesses, our contracted GFA was approximately 1,633.0 million sq.m., and our revenue-bearing GFA was approximately 956.9 million sq.m.. In addition, the contracted GFA and revenue-bearing GFA of the property management services of the "Three Supplies and Property Management" businesses were 93.4 million sq.m. and 88.6 million sq.m., respectively. We manage a total of 7,345 property projects. These projects cover 31 provinces, municipalities, autonomous regions in Mainland China and the Hong Kong Special Administrative Region and overseas, with a focus on five key economically developed city clusters, including the Pearl River Delta, the Yangtze River Delta, the middle reaches of the Yangtze River, the Beijing-Tianjin-Hebei Region and the Chengdu-Chongqing Region in China. The percentage of the revenue-bearing GFA of projects in first and second-tier cities has reached 42.0%.

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

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

Community Value-added Services

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

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

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

Value-added Services to Non-Property Owners

During the Year, the revenue from value-added services to non-property owners was approximately RMB1,553.4 million, and its percentage of the total revenue of the Group further decreased to approximately 3.6%. The value-added services to non-property owners we provide mainly include (i) management consultancy services to property developers for their presale activities, as well as consultancy services for properties managed by other property management companies; (ii) cleaning services, green landscaping, repair and maintenance services to property developers at the pre-delivery stage; (iii) sales and leasing agency services of unsold parking spaces and properties; and (iv) elevator products installation, supporting services and other services.

“Three Supplies and Property Management” Businesses

The Group established a joint venture in 2018 and began to undergo the separation and transfer of property management and heat supply under “Three Supplies and Property Management” reform. As at 31 December 2023, the contracted GFA and revenue-bearing GFA of the property management services of the “Three Supplies and Property Management” businesses were approximately 93.4 million sq.m. and 88.6 million sq.m., respectively. During the Year, revenue from the property management business was approximately RMB4,992.2 million, representing a year-on-year increase of 21.2% compared to the same period last year, and revenue from the heat supply business was approximately RMB1,528.0 million, representing a year-on-year increase of approximately 6.5% compared to the same period last year.

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

City Services

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

During the Year, our city services recorded revenue of approximately RMB4,883.6 million. Through brand expansion, we have signed a number of integrated urban service projects in Guangdong Province, Shanghai, Jiangsu Province, Anhui Province and Jiangxi Province, and achieved balanced business development and breakthroughs in project quality while upheld the reform concept of “greater city property management” as a city-wide governance change. The Project of Lecong town in Foshan we managed was honoured with the Model Award for Urban Service Projects in Guangdong Province (廣東省城市服務項目標桿獎), signifying that the operation model and service quality of the city services of CG Services have reached a level recognised by the association. In addition, we successfully organised the third Country Garden Urban Service Developers Conference and announced the "City Service Partner Programme 3.0", which opens up the platform service cooperation mechanism to partners and introduces the ESP sharing platform for city services.

Commercial Operational Services

The Group provides shopping malls, neighborhood commercial centers, office buildings and other projects with full-chain services such as business planning consulting, tenant sourcing, operation and planning services, mainly including (i) conducting commercial operation and management of the properties owned by leasing developers or property owners; (ii) providing property market research and positioning services to property developers at the investment stage; (iii) providing market research and positioning, business planning consulting, tenant solicitation and opening preparation services to property developers or owners at the preparation stage before the opening of the properties; and (iv) providing tenant solicitation, operation and management services to property owners or tenants at the stage of property operation. During the Year, the Group's commercial operational services segment recorded a total revenue of approximately RMB1,012.4 million. Our commercial operational services product lines include high-quality one-stop shopping malls "Bele city" (碧樂城), neighborhood center "Bele fun" (碧樂坊) and commercial block "Bele time" (碧樂時光).

PROSPECTS AND FUTURE PLANS

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

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

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

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

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

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

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

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

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

FINANCIAL REVIEW

Revenue

The Group's revenue is mainly derived from (i) property management services, (ii) community value-added services, (iii) value-added services to non-property owners, (iv) "Three Supplies and Property Management" businesses, (v) city services and (vi) commercial operational services. For the year ended 31 December 2023, the total revenue increased by approximately 3.0% to approximately RMB42,611.5 million from approximately RMB41,366.6 million for the year ended 31 December 2022. Among which, the revenue from the third parties increased by approximately 6.0% to approximately RMB41,283.0 million from approximately RMB38,950.2 million for the year ended 31 December 2022.

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

(I) Property management services

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

The table below sets out the breakdown of our revenue generated from the management of properties developed by the CGH Group and independent third-party property developers respectively, as at the years indicated:

	For the year ended 31 December 2023		For the year ended 31 December 2022	
	Revenue ***(RMB'000)***	***(%)***	Revenue *(RMB'000)*	*(%)*
Properties developed by the CGH Group *(Note 1)*	**10,880,507**	**44.1**	9,562,869	41.8
Properties developed by independent third-party property developers	**13,818,007**	**55.9**	13,292,734	58. 2
Total	**24,698,514**	**100.0**	22,855,603	100.0

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

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

(II) Community value-added services

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

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

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

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

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

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

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

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

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

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

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

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

(IV) Three Supplies and Property Management Businesses

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

Among which, the revenue from property management and other related services increased by approximately 21.2% to approximately RMB4,992.2 million from approximately RMB4,117.8 million for the year ended 31 December 2022, accounting for approximately 11.7% of the total revenue (for the same period in 2022: approximately 10.0%).

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

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

(V) City Services

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

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

(VI) Commercial Operational Services

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

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

Costs

The Group's costs include (i) staff cost, (ii) cleaning cost, (iii) heat supply cost, (iv) maintenance cost, (v) utilities, (vi) greening and gardening cost, (vii) security expenses, (viii) cost of sales of goods, (ix) transportation cost, (x) office and communication cost, (xi) taxes and surcharges, (xii) employee uniform expenses, (xiii) depreciation and amortisation charges, (xiv) community activities cost, (xv) travelling and entertainment cost, (xvi) construction costs for infrastructure under service concession arrangements, (xvii) other labor outsourcing costs, and (xviii) others. During the Year, the costs were approximately RMB33,879.6 million, representing an increase of approximately 8.9% as compared to approximately RMB31,109.1 million for the year ended 31 December 2022. The increase in costs was mainly due to the increase in costs associated with the growth of the Group's property management services, "Three Supplies and Property Management" businesses, city services and the initial investment in the innovation businesses of the community value-added services.

Gross Profit and Gross Profit Margin

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

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

(i) Property management services

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

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

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

(ii) Community value-added services

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

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

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

During the Year, the gross profit margin of value-added services to non-property owners decreased by 12.6 percentage points to approximately 1.0% from approximately 13.6% for the year ended 31 December 2022.

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

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

(iv) Three Supplies and Property Management Businesses

During the Year, for the "Three Supplies and Property Management" businesses, the gross profit margin of property management and other related services decreased from approximately 8.8% for the year ended 31 December 2022 to approximately 7.4%, representing a decrease of 1.4 percentage points.

The decrease in the gross profit margin of the property management and other related services under the "Three Supplies and Property Management" businesses was mainly due to the lower gross margin of several new businesses.

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

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

(v) City Services

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

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

(vi) Commercial Operational Services

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

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

Selling and Marketing Expenses

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

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

General and Administrative Expenses

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

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

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

Other Income

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

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

Other Gains/(Losses) — Net

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

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

Finance Income/(Costs) — Net

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

The increase in finance income/(costs) — net was mainly due to the decrease in interest expenses as compared with the same period last year as a result of the due redemption and cancellation of the convertible bonds issued in 2021 on 1 June 2022, and the increase in interest income on deposits during the Year as compared with that of the last period.

Income Tax Expense

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

The decrease in income tax expense was mainly due to the decrease in total profit before tax of the Group for the year ended 31 December 2023.

Profit for the Year

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

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

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

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

Intangible Assets

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

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

Financial Assets at Fair Value through Other Comprehensive Income

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

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

Trade and Other Receivables

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

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

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

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

Financial Assets at Fair Value through Profit or Loss

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

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

Contract Liabilities

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

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

Trade and Other Payables

Trade and other payables include trade payables, other payables, dividend payables, contingent consideration for business combination, payroll payables and other taxes payables.

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

As at 31 December 2023, trade payables of the Group were approximately RMB7,216.3 million, representing an increase of approximately RMB1,239.7 million compared to approximately RMB5,976.6 million as at 31 December 2022, primarily due to the Group's business expansion resulting in an increase in material procurement costs, labor outsourcing costs and utility fees.

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

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

Capital Management

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

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

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

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

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

Liquidity, Financial and Capital Resources

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

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

Out of the total bank deposits and cash of the Group, restricted bank deposits of approximately RMB302.1 million (31 December 2022: approximately RMB161.0 million) mainly represented judicially frozen funds and the cash deposits in bank as performance security for property management services according to the requirements of the local government authorities and the deposits made as performance security for business contracts of Manguo and Fujian Dongfei, the subsidiaries of the Group.

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

Key Risk Factors and Uncertainties

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

Industry Risk

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

Business Risk

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

Foreign Exchange Risk

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

Employees and Remuneration Policies

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

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

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

The Shareholders approved the pre-listing share option scheme of the Company on 13 March 2018 (the "**Pre-Listing Share Option Scheme**"), and the share option scheme of the Company on 28 September 2020 (the "**2020 Share Option Scheme**") (collectively, the "**Share Option Schemes**"). During the Year, the Company has not granted any share options according to the above schemes and has not issued any Shares upon the exercise of share options by eligible participants.

Employee Training and Development

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

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

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

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

Charge on Assets

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

Contingent Liabilities

Please refer to note 17 to the consolidated financial statements in this announcement for details of contingent liabilities as at 31 December 2023, which were contingent considerations arising from business combinations. Save as disclosed, the Group did not have any other contingent liabilities.

External Guarantee

As at 31 December 2023, save as disclosed in note 19 to the consolidated financial statements in this announcement, the Group did not have any other external guarantee.

Material Acquisitions, Disposals and Significant Investments

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

MAJOR EVENTS DURING THE YEAR

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

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

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

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

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

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

Carrying out on-Market Share Repurchase

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

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

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

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

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

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

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

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

ASSET IMPAIRMENT

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

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

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

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

Since the Existing Property Lease Framework Agreement entered into on 13 April 2021 and revised on 12 July 2022 is due to expire on 31 December 2023 and it is expected that members of the Group will continue to enter into short-term leases with members of the CGH Group from time to time thereafter, on 29 December 2023 (after trading hours), the Company entered into the 2023 Property Lease Framework Agreement. There shall be no new right-of-use assets to be acquired pursuant to the 2023 Property Lease Framework Agreement or the Existing Property Lease Framework Agreement.

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

EVENT SUBSEQUENT TO THE REPORTING PERIOD

Pursuant to Rule 3.7 of the Takeovers Code, in relation to (1) the termination of the strategic cooperation agreement and the possible acquisition and (2) the end of the offer period

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

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

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

For the purpose of the Codes on Takeovers and Mergers and Share Buy-backs published by the Securities and Futures Commission of Hong Kong, the offer period commenced on 6 November 2023 and ended on 7 February 2024. For details, please refer to the joint announcement of the Company and Hopefluent dated 7 February 2024.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position, and the related notes thereto for the year ended 31 December 2023 as set out in this results announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2023. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this results announcement.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, and overseeing the audit process. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Rui Meng, Mr. Mei Wenjue and Mr. Chen Weiru. Mr. Rui Meng is the chairman of the Audit Committee. The Audit Committee and the management have discussed and reviewed the annual results and consolidated accounts of the Group for the year ended 31 December 2023. It has also reviewed the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters.

CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions in the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix C1 to the Listing Rules on the Stock Exchange as its own code of corporate governance.

During the year ended 31 December 2023, the Company had adopted and complied with all applicable code provisions set out in the Corporate Governance Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 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 2023 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.

SHARE OPTION SCHEME

The Shareholders of the Company approved and adopted the Pre-Listing Share Option Scheme on 13 March 2018. It was subsequently amended by a resolution passed at the extraordinary general meeting held on 7 November 2019. The Shareholders of the Company also approved and adopted the 2020 Share Option Scheme on 28 September 2020.

The Board has the power to manage the Share Option Schemes and its decisions, interpretations or influence on all matters relating to the Share Option Schemes shall be final and binding on all parties. The Board has the right to authorise any Director to exercise any or all of its powers to manage the Share Option Schemes by resolution, including but not limited to selecting among eligible participants and granting share options to grantees in accordance with the Share Option Schemes, subject to the terms and conditions of the Share Option Schemes.

During the year ended 31 December 2023, no share options were granted, exercised, cancelled or lapsed under Pre-Listing Share Option Scheme. At the same time, other than the lapse of 23,923,000 share options under the 2020 Share Option Scheme, no share options were granted, exercised, cancelled or lapsed under the 2020 Share Option Scheme.

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

During the year ended 31 December 2023, the Company repurchased a total of 30,184,000 Shares on the Stock Exchange at a total consideration of HKD289,932,000 (before expenses) (the "**Share Repurchase**"). All the Shares repurchased were subsequently cancelled in full during the year. Details of the Shares repurchased during the year were as follows:

Month	Number of Shares repurchased	Purchase price per Share		Total consideration (before expenses)
		Highest	Lowest	
		HKD	*HKD*	*HKD*
September 2023	30,184,000	10.04	9.31	289,932,000
	30,184,000			289,932,000

The purpose of such Share Repurchase was to increase the returns for the Shareholders and to reflect the Company's confidence in its business prospects, and was beneficial to all Shareholders. As at 31 December 2023, all repurchased Shares were cancelled, and the total number of Shares in issue of the Company was 3,343,020,336 Shares.

Save as disclosed above, during the year ended 31 December 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board recommended the payment of a final dividend of RMB2.19 cents (2022: RMB14.40 cents per Share) per Share for the year ended 31 December 2023 and a special dividend of RMB27.27 cents (2022: RMB22.81 cents per Share) per Share to the Shareholders whose names appear on the register of members of the Company on Tuesday, 18 June 2024 (record date) (the "**Eligible Shareholders**) as a token of appreciation to all Shareholders for their continuous support to and trust in the Company.

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

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the eligibility of the Shareholders to attend, speak and vote at the annual general meeting of 2024 (the "**2024 AGM**") of the Company, and the Eligible Shareholders' entitlement to the proposed final dividend and special dividend, the register of members of the Company will be closed as appropriate as set out below:

(i) For determining the Shareholders' eligibility to attend, speak and vote at the 2024 AGM:

Latest time to lodge transfer documents for registration with the Company's Hong Kong branch share registrar and transfer office	At 4:30 p.m. on Thursday, 30 May 2024
Record date	Friday, 31 May 2024
Closure of the register of members of the Company	Friday, 31 May 2024 to Thursday, 6 June 2024 (both days inclusive)

(ii) Subject to the passing of the proposal for distributing the final dividend and special dividend at the 2024 AGM, for determining the Eligible Shareholders' entitlement to the proposed final dividend and special dividend:

Latest time to lodge transfer documents for registration with the Company's Hong Kong branch share registrar and transfer office	At 4:30 p.m. on Friday, 14 June 2024
Closure of the register of members of the Company	Monday, 17 June 2024 to Tuesday, 18 June 2024 (both days inclusive)
Record date	Tuesday, 18 June 2024

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

PUBLICATION OF ANNUAL RESULTS

This results announcement has been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.bgyfw.com). The Company's 2023 annual report will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company on or before 30 April 2024.

ACKNOWLEDGMENTS

The Company would like to express our deepest gratitude to the Board, the management of the Group and all employees for their hard work, loyal service and contribution. We also thank our Shareholders, property owners and customers, governments, suppliers, business partners and professional consultants for their continuous support to the Group.

By order of the Board
Country Garden Services Holdings Company Limited
XU Binhuai
President and Executive Director

Foshan, the PRC, 27 March 2024

As of the date of this announcement, the executive Directors of the Company are Mr. XU Binhuai, Mr. XIAO Hua and Mr. GUO Zhanjun. The non-executive Director of the Company is Ms. YANG Huiyan (Chairman). The independent non-executive Directors of the Company are Mr. MEI Wenjue, Mr. RUI Meng and Mr. CHEN Weiru.