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**CIFI Ever Sunshine Services Group Limited**

**旭辉永升服务集团有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1995)**

**(1) UNAUDITED FINAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2022;  
AND  
(2) CONTINUED SUSPENSION OF TRADING**

References are made to the announcement of CIFI Ever Sunshine Services Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 30 March 2023 (the “**30 March Announcement**”) in relation to, among others, the delay in publication of the announcement for the annual results of the Group for the year ended 31 December 2022 (the “**2022 Annual Results**”) and the announcement of the Company dated 31 March 2023 (the “**Announcement**” and together with the 30 March Announcement, the “**Announcements**”) in relation to the inside information of the Company that the auditor of the Company having received an anonymous letter (the “**Letter**”) raising a number of unsubstantiated allegations in relation to certain transactions with an alleged aggregate value of RMB1.8 billion which involve, among other parties, the Group and CIFI Holdings (Group) Co. Ltd. (“**CIFI Holdings**”) (stock code: 00884) and its subsidiaries (other than the Group) (together the “**CIFI Group**”). The allegations relate to (i) sales of certain car parks involving the Group (on the one hand) and the CIFI Group and other property developers (on the other hand) and (ii) certain financial assets acquired by the Group. Unless otherwise defined herein, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

Since the Announcements, the management of the Company has conducted a further review of what the Company believes to be the relevant transactions as referred to in the Letter (including a more detailed documentary review thereof). Following such review, the management of the Company ascertain the view that the relevant transactions have been properly reflected in the management accounts of the Group. In order to keep the shareholders and the investors of the Company informed of the results of the Group for the year ended 31 December 2022 (which have yet to be agreed with the auditor of the Company (and insofar as they are available to the Company)) and at the recommendation of the management of the Company, on 28 April 2023, the board (the “**Board**”) of directors (the “**Directors**”) of the Company resolved to publish the unaudited consolidated management accounts of the Group for the year ended 31 December 2022 (the “**Unaudited Management Accounts**”) as set out in this announcement.

As at the date of this announcement, the audit work in respect of the 2022 Annual Results has not been completed and as such, the Company is unable to publish the audited 2022 Annual Results and despatch the Company’s annual report for the year ended 31 December 2022 (the “**2022 Annual Report**”). The management of the Company is working to complete the audit of the 2022 Annual Results as soon as possible so that the audited 2022 Annual Results could be published accordingly. The Company will make an announcement on the date of the board meeting for approval of the audited 2022 Annual Results in accordance with Rule 13.43 of the Listing Rules in due course.

## (1) UNAUDITED FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

### SUMMARY

Based on the unaudited financial information,

1. Revenue for 2022 was approximately RMB6,276.5 million, representing an increase of 33.5% from approximately RMB4,702.8 million for 2021.
2. The gross profit of the Group for 2022 was approximately RMB1,293.3 million, representing a slight decrease of 0.5% from approximately RMB1,299.9 million for 2021.
3. Profit for 2022 was approximately RMB575.9 million, representing a decrease of 16.8%, as compared with approximately RMB692.5 million for 2021. Meanwhile, profit attributable to owners of the Company for 2022 was approximately RMB480.1 million, representing a decrease of 22.2% as compared with approximately RMB617.0 million for 2021.
4. As at 31 December 2022, the contracted GFA of the property management services of the Group was approximately 303.4 million sq.m, representing an increase of approximately 12.0%, as compared with approximately 270.8 million sq.m as at 31 December 2021.

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31 December 2022*

		<b>For the year ended 31 December</b>	
	Notes	<b>2022</b>	2021
		<b><i>RMB'000</i></b>	<i>RMB'000</i>
		<b><i>(Unaudited)</i></b>	<i>(Audited)</i>
<b>Revenue</b>	5	<b>6,276,479</b>	4,702,816
Cost of services		<b><u>(4,983,196)</u></b>	<u>(3,402,951)</u>
<b>Gross profit</b>		<b>1,293,283</b>	1,299,865
Other income and other gains and losses		<b>175,476</b>	122,196
Administrative expenses		<b>(463,531)</b>	(382,121)
Selling expenses		<b>(100,078)</b>	(82,799)
Expected credit loss on financial assets		<b>(157,424)</b>	(62,220)
Finance costs		<b>(4,014)</b>	(3,486)
Other expenses		<b><u>(2,758)</u></b>	<u>(22)</u>
<b>Profit before taxation</b>		<b>740,954</b>	891,413
Income tax expense	8	<b><u>(165,062)</u></b>	<u>(198,878)</u>
<b>Profit and total comprehensive income for the year</b>		<b><u><u>575,892</u></u></b>	<u><u>692,535</u></u>

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (Continued)**

*For the year ended 31 December 2022*

		<b>For the year ended 31 December</b>	
Note	<b>2022</b>	2021	
	<b><i>RMB'000</i></b>	<i>RMB'000</i>	
	<b><i>(Unaudited)</i></b>	<i>(Audited)</i>	
<b>Profit and total comprehensive</b>			
<b>income for the year</b>			
Attributable to:			
Owners of the Company	<b>480,111</b>	617,014	
Non-controlling interests	<b>95,781</b>	75,521	
	<b>575,892</b>	692,535	
<b>Earnings per share (RMB)</b>			
Basic earnings per share	9 <b>0.2742</b>	0.3663	

## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	31 December	31 December
Note	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
<b>ASSETS AND LIABILITIES</b>		
<b>Non-current assets</b>		
Property, plant and equipment	129,708	112,264
Investment properties	556,684	58,970
Intangible assets	354,196	371,687
Goodwill	1,454,656	1,343,707
Deferred tax assets	68,134	38,196
Prepayments and other receivables	204,456	367
Financial assets at fair value through profit or loss ("FVTPL")	384,440	—
Deferred contract costs	10,893	12,663
	<u>3,163,167</u>	<u>1,937,854</u>
<b>Current assets</b>		
Inventories	2,985	3,549
Deferred contract costs	11,561	4,474
Trade and bills receivables	6 1,771,724	788,316
Prepayments and other receivables	1,514,438	536,134
Financial assets at FVTPL	15,590	—
Restricted cash	29,288	11,119
Cash and cash equivalents	1,534,374	3,985,046
	<u>4,879,960</u>	<u>5,328,638</u>

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(Continued)**

*As at 31 December 2022*

	Notes	<b>31 December 2022</b>	31 December 2021
		<b><i>RMB'000</i></b>	<i>RMB'000</i>
		<b><i>(Unaudited)</i></b>	<i>(Audited)</i>
<b>Current liabilities</b>			
Trade and bills payables	7	<b>1,002,163</b>	586,364
Accruals and other payables		<b>1,228,129</b>	1,106,347
Borrowings		<b>28,106</b>	1,400
Contract liabilities	5(c)	<b>669,185</b>	597,347
Lease liabilities		<b>11,219</b>	11,250
Provision for taxation		<b>104,932</b>	135,072
		<b>3,043,734</b>	2,437,780
<b>Net current assets</b>		<b>1,836,226</b>	2,890,858
<b>Total assets less current liabilities</b>		<b>4,999,393</b>	4,828,712
<b>Non-current liabilities</b>			
Borrowings		<b>48,057</b>	—
Lease liabilities		<b>14,943</b>	9,179
Other long-term payables		<b>13,174</b>	20,787
Deferred tax liabilities		<b>90,565</b>	107,008
		<b>166,739</b>	136,974
<b>Net assets</b>		<b>4,832,654</b>	4,691,738
<b>Capital and reserves</b>			
Share capital		<b>15,480</b>	15,519
Reserves		<b>4,580,467</b>	4,428,294
<b>Equity attributable to owners of the Company</b>		<b>4,595,947</b>	4,443,813
<b>Non-controlling interests</b>		<b>236,707</b>	247,925
<b>Total equity</b>		<b>4,832,654</b>	4,691,738

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

CIFI Ever Sunshine Services Group Limited (the “**Company**”) is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its ultimate controlling parties are Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei. Upon completion of sales and purchase of the Company’s share and execution of voting right entrustment agreement between the shareholders of the Company on 30 June 2020, Spectron Enterprises Limited (incorporated in the British Virgin Islands (the “**BVI**”)) became the immediate holding company of the Company and CIFI Holdings (Group) Co. Ltd. (incorporated in the Cayman Islands with its shares listed on the Stock Exchange) became the ultimate holding company of the Company. The address of its registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands.

The Company acts as an investment holding company. The Group, comprising the Company and its subsidiaries, is principally engaged in the provision of property management services, community value-added services, value-added services to non-property owners, and city services.

The unaudited consolidated financial statements are presented in Renminbi (“**RMB**”), which is the functional currency of the Company.

## 2 BASIS OF PREPARATION

The unaudited consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). For the purpose of preparation of the unaudited consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the unaudited consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The unaudited consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period.

### 3 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

#### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the unaudited consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these unaudited consolidated financial statements.

## **New and amendments to HKFRSs in issue but not yet effective**

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>3</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2024.

The management of the Company anticipates that the application of all new and amendments to HKFRSs will have no material impact on the unaudited consolidated financial statements in the foreseeable future.

## **4 SEGMENT INFORMATION**

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment focuses on revenue analysis. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

### Information about major customer

For the year ended 31 December 2022, revenue from CIFI Holdings (Group) Co. Ltd., and its subsidiaries (the “CIFI Group”) contributed 11.1% (2021: 11.4%) of the Group’s revenue. Other than the CIFI Group, the Group has a large number of customers, none of whom contributed 10% or more of the Group’s revenue for the year ended 31 December 2022 (2021: None).

### Information about geographical areas

The major operating entity of the Group is domiciled in the PRC. Accordingly, all of the Group’s revenue were derived in the PRC for the year ended 31 December 2022 (2021: All).

As at 31 December 2022, all of the non-current assets were located in the PRC (2021: All).

## 5 REVENUE

Revenue mainly comprises of proceeds from property management services, community value-added services, value-added services to non-property owners and city services. An analysis of the Group’s revenue by category was as follows:

	For the year ended 31 December	
	2022	2021
	<i>RMB’000</i>	<i>RMB’000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Revenue from contract with customer	6,275,653	4,701,850
Others	826	966
<b>Total</b>	<b>6,276,479</b>	<b>4,702,816</b>

## Revenue from contract with customer

### (a) Disaggregated revenue information

#### For the year ended 31 December 2022

	Property management services RMB'000 (Unaudited)	Community value-added services RMB'000 (Unaudited)	Value-added services to non-property owners RMB'000 (Unaudited)	City services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Types of goods and services</b>					
<u>Property management services</u>					
Lump sum basis	3,883,195	—	—	—	3,883,195
Commission basis	4,616	—	—	—	4,616
	<u>3,887,811</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,887,811</u>
<u>Community value-added services</u>					
Home-living services	—	606,561	—	—	606,561
Parking unit management and leasing services	—	131,771	—	—	131,771
Property agency services	—	170,658	—	—	170,658
Common area value-added services	—	111,073	—	—	111,073
	<u>—</u>	<u>1,020,063</u>	<u>—</u>	<u>—</u>	<u>1,020,063</u>
<u>Value-added services to non-property owners</u>					
Sales assistance services	—	—	334,013	—	334,013
Additional tailored services	—	—	394,321	—	394,321
Preliminary planning and design consultancy services	—	—	70,095	—	70,095
Housing repair services	—	—	121,203	—	121,203
Pre-delivery inspection services	—	—	44,797	—	44,797
	<u>—</u>	<u>—</u>	<u>964,429</u>	<u>—</u>	<u>964,429</u>
<u>City services</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>403,350</u>	<u>403,350</u>
	<u>3,887,811</u>	<u>1,020,063</u>	<u>964,429</u>	<u>403,350</u>	<u>6,275,653</u>
<b>Timing of revenue recognition</b>					
A point in time	—	312,167	—	—	312,167
Over time	3,887,811	707,896	964,429	403,350	5,963,486
	<u>3,887,811</u>	<u>1,020,063</u>	<u>964,429</u>	<u>403,350</u>	<u>6,275,653</u>

**For the year ended 31 December 2021**

	Property management services <i>RMB'000</i> <i>(Audited)</i>	Community value-added services <i>RMB'000</i> <i>(Audited)</i>	Value-added services to non-property owners <i>RMB'000</i> <i>(Audited)</i>	City services <i>RMB'000</i> <i>(Audited)</i>	Total <i>RMB'000</i> <i>(Audited)</i>
<b>Types of goods and services</b>					
<u>Property management services</u>					
Lump sum basis	2,651,157	—	—	—	2,651,157
Commission basis	3,268	—	—	—	3,268
	<u>2,654,425</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,654,425</u>
<u>Community value-added services</u>					
Home-living services	—	570,044	—	—	570,044
Parking unit management and leasing services	—	124,176	—	—	124,176
Property agency services	—	321,913	—	—	321,913
Common area value-added services	—	83,351	—	—	83,351
	<u>—</u>	<u>1,099,484</u>	<u>—</u>	<u>—</u>	<u>1,099,484</u>
<u>Value-added services to non-property owners</u>					
Sales assistance services	—	—	353,668	—	353,668
Additional tailored services	—	—	310,021	—	310,021
Preliminary planning and design consultancy services	—	—	96,961	—	96,961
Housing repair services	—	—	67,437	—	67,437
Pre-delivery inspection services	—	—	39,275	—	39,275
	<u>—</u>	<u>—</u>	<u>867,362</u>	<u>—</u>	<u>867,362</u>
<u>City services</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>80,579</u>	<u>80,579</u>
	<u>2,654,425</u>	<u>1,099,484</u>	<u>867,362</u>	<u>80,579</u>	<u>4,701,850</u>
<b>Timing of revenue recognition</b>					
A point in time	—	431,445	21,513	—	452,958
Over time	2,654,425	668,039	845,849	80,579	4,248,892
	<u>2,654,425</u>	<u>1,099,484</u>	<u>867,362</u>	<u>80,579</u>	<u>4,701,850</u>

**(b) Transaction price allocated to the remaining performance obligation for contracts with customers**

Contracts for property management services and city services are usually long term and the Group bills a fixed amount for service provided regularly. The Group elected to apply the practical expedient by recognising revenue in the amount to which the Group has right to invoice. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Community value-added services and value-added services to non-property owners are for periods usually less than one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

**(c) Details of contract liabilities**

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

	<b>31 December 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Contract liabilities	<b><u>669,185</u></b>	<u>597,347</u>

As at 1 January 2021, contract liabilities amounted to RMB387,825,000.

**(i) Significant changes in contract liabilities**

Contract liabilities of the Group arise from the advance payments made by customers while the property management services or value-added services are yet to be provided. Such liabilities increase as a result of the growth of the Group's business and acquisition of subsidiaries.

**(ii) Revenue recognised in relation to contract liabilities**

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

	<b>For the year ended 31 December</b>	
	<b>2022 RMB'000 (Unaudited)</b>	2021 RMB'000 (Audited)
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	<b><u>587,966</u></b>	<u>363,125</u>

## 6 TRADE AND BILLS RECEIVABLES

	<b>31 December 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Trade receivables		
– Related parties	787,426	136,322
– Third parties	<u>1,212,605</u>	<u>761,313</u>
	<b>2,000,031</b>	897,635
Bills receivables	<u>1,602</u>	<u>1,598</u>
Total	<b>2,001,633</b>	899,233
Less: allowance for credit losses	<u>(229,909)</u>	<u>(110,917)</u>
	<b><u>1,771,724</u></b>	<b><u>788,316</u></b>

As at 1 January 2021, trade and bills receivables from contracts with customers amounted to approximately RMB458,628,000.

All bills received by the Group are with a maturity period of less than one year.

Trade receivables mainly arise from property management services under lump sum basis, community value-added services, value-added services to non-property owners and city services.

Revenue from property management services under lump sum basis, community value-added services, value-added services to non-property owners and city services are received in accordance with the term of the relevant property service agreements and are due for payment upon the issuance of demand note.

The maturity of the bills receivable of the Group as at 31 December 2022 and 2021 is within 6 months. As at 31 December 2022 and 2021, no bills receivable is due from related parties.

As at 31 December 2022 and 2021, the ageing analysis of the trade and bills receivables net of expected credit loss presented based on invoice date were as follows:

	<b>31 December 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Within 1 year	1,524,357	628,043
1 to 2 years	164,039	118,452
2 to 3 years	62,037	33,549
3 to 4 years	18,065	6,726
4 to 5 years	3,226	1,546
	<u>1,771,724</u>	<u>788,316</u>

## 7 TRADE AND BILLS PAYABLES

	<b>31 December 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Trade payables		
– Related parties	63,709	20,955
– Third parties	925,685	565,409
	<u>989,394</u>	586,364
Bills payables	12,769	—
	<u>1,002,163</u>	<u>586,364</u>

Based on the receipt of services and goods, which normally coincided with the invoice dates, the aging analysis of the Group's trade and bills payables as at 31 December 2022 and 2021 as follows:

	<b>31 December 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Within 1 year	<b>862,077</b>	538,777
1 to 2 years	<b>110,885</b>	35,453
2 to 3 years	<b>25,677</b>	11,621
3 to 4 years	<b>3,339</b>	513
4 to 5 years	<b>185</b>	—
	<b><u>1,002,163</u></b>	<b><u>586,364</u></b>

## 8 INCOME TAX EXPENSE

	<b>For the year ended 31 December</b>	
	<b>2022 RMB'000 (Unaudited)</b>	2021 RMB'000 (Audited)
<b>PRC Enterprise Income Tax:</b>		
Current tax	<b>213,171</b>	220,393
Under (over) provision in respect of prior year	<b>117</b>	(635)
	<b><u>213,288</u></b>	<u>219,758</u>
<b>Deferred tax</b>		
Credited to profit or loss for the year	<b>(48,226)</b>	(20,880)
	<b><u>165,062</u></b>	<u>198,878</u>

Under the Law of the PRC on Enterprise Income Tax and Implementation Regulation of the Enterprise Income Tax Law, the tax rate of the PRC subsidiaries are i) 25%, ii) 15% if registered or engaged in the encouraged industries and registered in the western region of the PRC, iii) 15% if regarded as advanced technology enterprise by local tax bureau or iv) 15% if registered and operating in the Hainan Free Trade Port.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China.

Pursuant to the rules and regulations of the BVI and the Cayman Islands, the Group is not subject to any income tax in the BVI and the Cayman Islands.

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

## 9 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the equity owners of the Company is based on the following data:

	<b>For the year ended 31 December</b>	
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b><i>(Unaudited)</i></b>	<i>(Audited)</i>
<b>Earnings</b>		
Profit attributable to the equity owners of the Company	<b>480,111</b>	617,014
	<u><u>480,111</u></u>	<u><u>617,014</u></u>
	<b>For the year ended 31 December</b>	
	<b>2022</b>	2021
	<b><i>Number'000</i></b>	<i>Number'000</i>
	<b><i>(Unaudited)</i></b>	<i>(Audited)</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares	<b>1,750,727</b>	1,684,301
	<u><u>1,750,727</u></u>	<u><u>1,684,301</u></u>

No diluted earnings per share was presented as there were no potential ordinary shares in issue for both years.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Overview

We are a reputable and fast-growing comprehensive property management service provider in China. In May 2022, we were honourably elected as one of the “2022 Top 100 Property Management Companies in China (2022中國物業服務百強企業)” by the China Index Academy and continued to maintain our high ranking in terms of overall industry strength. As at 31 December 2022, we provided property management services, value-added services, as well as city services in 116 cities within Mainland China, with total contracted gross floor area (“GFA”) of approximately 303.4 million square meters (“sq.m.”), among which, total GFA under management amounted to approximately 210.0 million sq.m., serving more than 930,000 households.

Our business covers a board spectrum of properties, including residential properties and non-residential properties (such as office buildings, shopping malls, school campus, hospitals, scenic spots, government-owned buildings, expressway stations, rail transit, and ferry terminals). We also provide city services and other high-quality tailored services.

We embrace the philosophy of “Building Better Lives”, revolve around the core value of “Let Customer be Trouble-Free, Worry-Free, and Discontent-Free (讓用戶省心、放心、開心)”, using technological innovation to drive diversified development, adhere to the development strategy of “Platform + Ecosystem”. We are committed to providing our wide range of clients with comprehensive, attentive, and professional property management services, and are devoted to growing into a customer-preferred smart city service brand.

## **Our Business Model**

We operate four major business lines, namely (i) property management services, (ii) community value-added services, (iii) value-added services to non-property owners, and (iv) city services, which form a comprehensive service portfolio offering to our customers and cover the entire value chain of the property management industry.

- **Property management services:** We provide a variety of property management services to property developers, property owners and residents, which primarily include cleaning, security, gardening and repair and maintenance services. We manage a portfolio of residential and non-residential properties. Our non-residential properties include office buildings, shopping malls, schools, hospitals, scenic spots, government-owned buildings, expressway service stations, rail transit and ferry terminals.
- **Community value-added services:** We provide community value-added services to both property owners and residents with the aim of not only improving their living experiences, but also the upkeep and betterment of their asset values. These services mainly cover (i) home-living services; (ii) parking unit management and leasing services; (iii) property agency services; and (iv) common area value-added services.
- **Value-added services to non-property owners:** We provide a comprehensive range of value-added services to non-property owners, which primarily include property developers and, to a lesser extent, non-property developers who require certain additional tailored services in respect of their non-residential properties and property management services providers who outsource certain value-added services to us. Our value-added services to non-property owners mainly include (i) sales assistance services; (ii) additional tailored services; (iii) housing repair services; (iv) pre-delivery inspection services; and (v) preliminary planning and design consultancy services, which cover on-site inspection services for each unit to provide sufficient recommendations from the end-user's perspective.
- **City services:** We can provide a wide range of city services, which mainly include (i) city environmental sanitation; (ii) waste sorting and treatment; (iii) installation of block facilities; (iv) landscaping project; (v) old communities renovation; and (vi) smart block construction.

## Property Management Services

### *Continuous High Quality Growth in Area Size*

We are committed to a deep city development strategy and insist on quality expansion as one of our strategic objectives. During the year ended 31 December 2022, we achieved high quality growth in contracted GFA and GFA under management through multi-wheel drivers.

As at 31 December 2022, we had approximately 303.4 million sq.m. of contracted GFA and 1,542 contracted projects, representing an increase of approximately 12.0% and 9.4% respectively as compared with those as at 31 December 2021. As at 31 December 2022, we had approximately 210.0 million sq.m. of GFA under management and 1,148 projects under management, representing an increase of approximately 22.8% and 11.2% respectively as compared with those as at 31 December 2021.

The table below sets forth the changes in our contracted GFA and GFA under management for the years ended 31 December 2022 and 2021 respectively:

	<b>For the year ended 31 December</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Contracted GFA (sq.m. '000)</b>	<b>under management (sq.m. '000)</b>	<b>Contracted GFA (sq.m. '000)</b>	<b>under management (sq.m. '000)</b>
As at the beginning of the year	<b>270,767</b>	<b>171,037</b>	181,192	101,625
Additions <sup>(1)</sup>	<b>53,010</b>	<b>46,845</b>	94,277	74,000
Terminations <sup>(2)</sup>	<b>(20,342)</b>	<b>(7,928)</b>	(4,702)	(4,588)
As at the end of the year	<b><u>303,435</u></b>	<b><u>209,954</u></b>	<u>270,767</u>	<u>171,037</u>

Notes:

- (1) With respect to our residential and non-residential projects under management, additions primarily included preliminary management contracts for new properties developed by property developers, property management service contracts pursuant to which we replaced the previous property management service providers, and property management contracts acquired through acquisitions of subsidiaries.

- (2) These terminations included our voluntary non-renewals of certain property management services contracts as we reallocated our resources to more profitable engagements in order to optimize our property management portfolio.

### ***Our Geographic Footprint***

Since the Group's inception up to 31 December 2022, we have expanded our geographic footprint from Shanghai to 116 cities in China, pursuing effective scale expansion with the goal of deep regional cultivation.

Based on the unaudited financial information, the table below sets forth a breakdown, by geographic location, of our total GFA under management as at the dates indicated and the revenue generated from property management services for the years ended 31 December 2022 and 2021 respectively:

	<b>As at 31 December or for the year ended 31 December</b>					
	<b>2022</b>			<b>2021</b>		
	<b>GFA</b>	<b>Revenue</b>		<b>GFA</b>	<b>Revenue</b>	
	<b>sq.m. '000</b>	<b>RMB'000</b>	<b>%</b>	<b>sq.m. '000</b>	<b>RMB'000</b>	<b>%</b>
Eastern region <sup>(1)</sup>	<b>121,874</b>	<b>2,255,671</b>	<b>58.1</b>	97,556	1,731,755	65.2
Northern region <sup>(2)</sup>	<b>22,249</b>	<b>434,986</b>	<b>11.2</b>	26,517	252,836	9.5
Central Southern region <sup>(3)</sup>	<b>35,363</b>	<b>529,937</b>	<b>13.6</b>	22,540	264,791	10.0
Western region <sup>(4)</sup>	<b>24,070</b>	<b>498,611</b>	<b>12.8</b>	19,654	285,793	10.8
Northeastern region <sup>(5)</sup>	<b>6,398</b>	<b>168,606</b>	<b>4.3</b>	4,770	119,250	4.5
<b>Total</b>	<b><u>209,954</u></b>	<b><u>3,887,811</u></b>	<b><u>100.0</u></b>	<b><u>171,037</u></b>	<b><u>2,654,425</u></b>	<b><u>100.0</u></b>

Notes:

- (1) Cities in the eastern region in which we have property management projects include Shanghai, Suzhou, Jiaxing, Hangzhou, Nanjing, Wuxi, Xiamen, Zhoushan, Zhangzhou, Rizhao, Liaocheng, Yangzhou, Lianyungang, Xuancheng, Jinhua, Chuzhou, Huzhou, Quanzhou, Zhenjiang, Zibo, Zunyi, Huai'an, Wuhu, Huainan, Yantai, Shaoxing, Weihai, Suqian, Taizhou, Fuzhou, Yancheng, Weifang, Heze, Jining, Wenzhou, Taizhou, Fuyang, Dezhou, Xuzhou, Linyi, Nantong, Changzhou, Jinan, Dongying, Anqing, Ningbo, Binzhou, Qingdao and Hefei.

- (2) Cities in the northern region in which we have property management projects include Beijing, Tianjin, Shijiazhuang, Taiyuan, Cangzhou, Tangshan , Langfang and Handan.
- (3) Cities in the central southern region in which we have property management projects include Shenzhen, Foshan, Wuhan, Zhengzhou, Changsha, Nanyang, Jiangmen, Putian, Dali Bai Autonomous Prefecture, Guangzhou, Nanchang, Huanggang, Zhoukou, Huizhou, Guilin, Nanning, Yichang, Shaoyang, Zhuzhou, Xiangtan, Zhongshan, Shangqiu, Xuchang, Dongguan, Qiandongnan Miao and Dong Autonomous Prefecture, Xiangxi Tujia and Miao Autonomous Prefecture, Nujiang Lisu Autonomous Prefecture, Yueyang, Changde, Hengyang, Liuzhou, Qiannan Buyei and Miao Autonomous Prefecture and Luoyang.
- (4) Cities in the western region in which we have property management projects include Xi’an, Chengdu, Chongqing, Baoji, Anshun, Weinan, Luliang, Tianshui, Urumqi, Xiangyang, Haidong, Xining, Zaozhuang, Yinchuan, Hohhot, Baiyin, Guiyang, Liupanshui, Kunming and Bijie.
- (5) Cities in the northeastern region in which we have property management projects include Changchun, Harbin, Shenyang, Dalian, Panjin and Chaoyang.

## **Pursuit of Continuous Expansion of at an Effective Scale**

### **Marketization of Business Transactions with CIFI Group**

As a long-standing service partner of CIFI Group, the Group has been building a stable market-based collaborative partnership with CIFI Group. The year 2022 was a year full of cyclical regulation and sudden changes in the competitive landscape for the real estate industry, and the property management services industry was also impacted by the spillover of the crisis. The impact of the crisis on the property management services was within control as we adhere to the “dependence but not reliance” development principle with CIFI Group.

According to the announcement published by CIFI Holdings on 11 January 2023, in 2022, CIFI Group recorded aggregated contracted sales (including contracted sales by joint ventures and associated companies) of approximately RMB124.03 billion, and contracted sales area of approximately 8.4 million sq.m..

## **CONTINUED REFINEMENT OF INDEPENDENT THIRD-PARTY MARKET DEVELOPMENT CAPABILITIES**

As one of the most important drivers of the Company's expansion, we have been actively exploring third-party markets in a diversified manner, increasing our market share by expanding our resources to different independent markets, and refining the capacity of ability to build our team and to empower them. Our main targets for market expansion include regional property developers, property owners' committees, local governments and commercial and corporate clients. To acquire management rights for property developers' first-hand projects, we participated in the tender bidding of their new development projects. In 2022, we acquired premium first-hand projects such as Zaozhuang Youfeng Laiyi (棗莊有鳳來儀), Taizhou Lanwan Huating (台州藍灣華庭) and Heze Guotai Xixi Shijia (菏澤國泰西溪世家). To acquire management rights for second-hand projects, we joined in the tender bidding offered by the property owners' committees to replace the previous property management service provider. In 2022, we acquired premium second-hand projects such as Hangzhou Yefeng Shancheng (杭州野風山城), Shanghai Qiangwei Jiuli (上海薔薇九裡), Nanjing Chengwang Lidu (南京騁望麗都) through public tender. We also participated in government procurement, including tenders for public construction projects such as sports stadiums, rail transit, transportation hub points and office buildings. In 2022, we acquired premium public construction projects such as General Hospital of Taizhou People's Hospital (泰州市人民醫院總院), VIP Hall Service of Shanghai Hongqiao Airport (上海虹橋機場貴賓廳服務), Cleaning for Xi'an Metro Line 5 (西安地鐵5號線保潔). In addition, we established a "Commercial Division" within the Company with the aim of developing a more professional and refined approach to commercial and corporate services in the long term. In 2022, we acquired projects for corporate headquarters and office parks such as Chengdu Jingdong Asia No.1 Tianfu Phase II and Phase III Park (成都京東亞洲一號天府二三期園區), Shenzhen BYD Hexagonal Building (深圳比亞迪六角樓), Guizhou Company of China Mobile (中國移動貴州公司).

Attributable to our high quality services, professional marketing team, multi-channels for sourcing and renowned reputation, we have achieved rapid growth in terms of GFA developed by third-party property developers.

## Strategic Mergers and Acquisitions

Strategic mergers and acquisitions have been a crucial part of our development process. In terms of mergers and acquisitions, the Group adheres to the principle of “Selects the target carefully before investment; conducts effective management after investment (投前精選標的，投後完善管理)”. Through strategic mergers and acquisitions, we increased our market share in existing markets, expanded our regional business scales, and made up the weaknesses among sectors quickly to enhance our multi-sector services capabilities.

In recent years, we adhered to the prudent principle for mergers and acquisitions and acquired projects such as Zhengzhou Jinyi Property Service Co., Ltd.\* (鄭州錦藝物業服務有限公司) for residential use, Qingdao Yayuan Property Management Co., Ltd.\* (青島雅園物業管理有限公司) and Shanghai Macalline Property Management Services Co., Ltd.\* (上海美凱龍物業管理服務有限公司) for commercial and office space, Jiangsu Xiangjiang Property Development Co., Ltd.\* (江蘇香江物業發展有限公司) for public facilities, Shandong XinJian Property Development Co., Ltd.\* (山東鑫建物業發展有限公司) for logistics park, Hunan Meizhong Biophysical Environment Technology Co., Ltd.\* (湖南美中環境生態科技有限公司) (“**Meizhong Environment**”) for city sanitation and Huaxi Xin’an (Beijing) Property Management Co., Ltd.\* (華熙鑫安(北京)物業管理有限公司) for mixed-use complex. In 2022, we reduced the number of mergers and acquisitions throughout the year due to the continued disturbance in the external environment and the Company’s stringent internal risk management requirements.

The table below sets forth the breakdown, by type of property developer, of our total GFA under management as at the dates indicated:

	As at 31 December			
	2022		2021	
	GFA <i>sq.m. '000</i>	%	GFA <i>sq.m. '000</i>	%
CIFI Group <sup>(1)</sup>	<b>42,038</b>	<b>20.0</b>	32,051	18.7
Third-party property developers <sup>(2)</sup>	<b>167,916</b>	<b>80.0</b>	138,986	81.3
<b>Total</b>	<b>209,954</b>	<b>100.0</b>	171,037	100.0

(1) Included properties solely developed by CIFI Group and properties that CIFI Group jointly developed with other property developers in which CIFI Group held a controlling interest.

(2) Referred to properties solely developed by third-party property developers independent from CIFI Group, as well as properties jointly developed by CIFI Group and other property developers in which CIFI Group did not hold a controlling interest.

## ***Transforming into a Comprehensive Property Management Service Provider***

We manage a wide range of properties, including residential and non-residential properties. We have accumulated tremendous experience in managing non-residential properties, including office buildings, shopping malls, industrial parks, hospitals and schools. Meanwhile, with the further opening up of the non-residential market, we were offered with more opportunities to participate in the tender bidding in such market and expand market share. We seized the emerging market opportunities and entered the sub-sectors in the non-residential market, including headquarters buildings for large enterprises, expressway services stations, subway rail transit, tourist scenic spots and industrial exhibition centers. We treat the acquired projects as a stepping stone to set up benchmarks and continue to achieve penetrative development in local markets, thereby achieving the expansion of GFA under management as well as increase in the concentration in local market. Despite the fact that revenue generated from residential property projects has contributed and will continue to contribute the largest proportion of our property management revenue, we strive to diversify our service portfolio to get more development of refinement and specialization in the non-residential properties. As at 31 December 2022, non-residential properties accounted for approximately 36.4% in our GFA under management, while that was 34.4% as at 31 December 2021.

Based on the unaudited financial information, the table below sets forth a breakdown, by different types of properties as they were developed, of our total GFA under management as at the dates indicated and revenue from property management services generated therefrom for the years ended 31 December 2022 and 2021 respectively:

	<b>As at 31 December or for the year ended 31 December</b>						
	<b>2022</b>			<b>2021</b>			
	<b>GFA</b>	<b>Revenue</b>		<b>GFA</b>	<b>Revenue</b>		
	<i>sq.m. '000</i>	<i>RMB'000</i>	<i>%</i>	<i>sq.m. '000</i>	<i>RMB'000</i>	<i>%</i>	<i>%</i>
Residential properties	<b>133,609</b>	<b>2,133,744</b>	<b>54.9</b>	112,173	1,478,060		55.7
Non-residential properties	<b>76,345</b>	<b>1,754,067</b>	<b>45.1</b>	58,864	1,176,365		44.3
<b>Total</b>	<b>209,954</b>	<b>3,887,811</b>	<b>100.0</b>	171,037	2,654,425		100.0

### ***Lump Sum Basis and Commission Basis***

We generally price our services by taking into account, among others, factors such as the characteristics and locations of the residential communities, our budget, targeted profit margins, property owner and resident profiles and the scope and quality of our services. We charge property management fees primarily on a lump sum basis, with a small portion charged on a commission basis.

Based on the unaudited financial information, the following table sets forth a breakdown, by revenue model, of our total GFA under management as at the dates indicated and revenue from property management services for the years ended 31 December 2022 and 2021 respectively:

	<b>As at 31 December or for the year ended 31 December</b>						
	<b>2022</b>			<b>2021</b>			
	<b>GFA</b>	<b>Revenue</b>		<b>GFA</b>	<b>Revenue</b>		
	<b>sq.m. '000</b>	<b>RMB'000</b>	<b>%</b>	<b>sq.m. '000</b>	<b>RMB'000</b>	<b>%</b>	
Lump sum basis	<b>206,802</b>	<b>3,883,195</b>	<b>99.9</b>	169,202	2,651,157	99.9	
Commission basis	<b>3,152</b>	<b>4,616</b>	<b>0.1</b>	1,835	3,268	0.1	
<b>Total</b>	<b><u>209,954</u></b>	<b><u>3,887,811</u></b>	<b><u>100.0</u></b>	<b><u>171,037</u></b>	<b><u>2,654,425</u></b>	<b><u>100.0</u></b>	

### **Community Value-Added Services**

In 2022, a variety of community value-added services were affected by the challenges of multiple outbreaks of the COVID-19 pandemic that exceeded expectations and the weakened property market in China. Based on the unaudited financial information, the revenue from community value-added services was approximately RMB1,020.1 million for 2022, representing a decrease of approximately 7.2% compared with approximately RMB1,099.5 million in 2021.

Promoting rapid development of community value-added services and establishing a value-added service development system is one of the Group's key strategic development directions. We adhered to the concept of “something must be done and some must not be done (有所為、有所不為)” and developed value-added service products suitable for property owners, so as to boost the revenue generated from our community value-added services.

Leveraging on our expanded service scope, enriched experience in developing community value-added services and continuous improvement and upgrade of talents, we continued to deepen our research on community conditions and targeted service groups, and proceeded from multiple areas including demand identification, product and service design, channel and supplier selection, as well as marketing plan formulation. In 2022, despite the challenges we met, we strived to continue to advance the various community value-added services. The revenue generated from community value-added services accounted for 16.2% of our total revenue and maintained at a high level, and the Group will continue to adhere to the strategy of promoting the increase in the percentage of revenue from community value-added services.

We adhered to our strategy of “Platform” + “Ecosystem” by applying the business unit (“BU”) approach to our growing specialized business. Through adopting the expanding community as a platform base and providing specialized assistance, we enabled our specialized business units to grow up independently on such platform. In 2022, on the basis of the successful development of such BU as community maintenance and repairing, home decoration, and property agency services, we further promoted the development of our home service business, put more efforts into our strategic focus and re-engineered our products and business models. In the future, we will continue to promote the application of the BU approach to value-added business which are in line with our business development strategies.

Currently, our community value-added services cover four major areas, namely home-living services, parking unit management and leasing services, property agency services, and common area value-added services. Based on the unaudited financial information, the following table sets forth the breakdown of revenue from our community value-added services for the years ended 31 December 2022 and 2021 respectively:

	<b>For the year ended 31 December</b>			
	<b>2022</b>		<b>2021</b>	
	<b><i>RMB'000</i></b>	<b>%</b>	<b><i>RMB'000</i></b>	<b>%</b>
Home-living services <sup>(1)</sup>	<b>606,561</b>	<b>59.5</b>	570,044	51.8
Parking unit management and leasing services <sup>(2)</sup>	<b>131,771</b>	<b>12.9</b>	124,176	11.3
Property agency services <sup>(3)</sup>	<b>170,658</b>	<b>16.7</b>	321,913	29.3
Common area value-added services <sup>(4)</sup>	<b>111,073</b>	<b>10.9</b>	83,351	7.6
<b>Total</b>	<b><u>1,020,063</u></b>	<b><u>100.0</u></b>	<b><u>1,099,484</u></b>	<b><u>100.0</u></b>

Notes:

- (1) This primarily included house delivery-stage renovation services such as house decoration, partial house renovation, turnkey furnishing etc.; mature community services such as on-site maintenance, housekeeping and cleaning, home management, secondary renovation, community group purchasing etc.; and special services such as facilities and equipment repair, maintenance and renovation for communities.
- (2) This primarily included fees received from leasing and management of parking units.
- (3) This primarily included agency services related to apartments and agency sales and agency leasing of parking unit.
- (4) This primarily included service income received from leasing and management of common areas.

## Value-Added Services to Non-Property Owners

We provide value-added services to non-property owners, which comprise sales assistance services that primarily includes display units management services (the scope of services mainly covers security, cleaning, greening, reception etiquette, and other services for display units), additional tailored services, preliminary planning and design consultancy services, housing repair services, and pre-delivery inspection services. We extend the professional services of property management to the front end of property development. Most of these non-property owners are property developers.

In 2022, based on the unaudited financial information, the revenue from value-added services to non-property owners increased by approximately 11.2% to approximately RMB964.4 million as compared with RMB867.4 million in 2021, mainly due to our vigorous development of housing repair business. Under the guidance of the “Vertical Industry Chain Expansion Strategy”, we have enhanced professionalism level and service capacity. Along with providing services to CIFI Group, more third-party property developers have commissioned us to provide value-added services. During the year ended 31 December 2022, based on the unaudited financial information, the the revenue from value-added services to non-property owners accounted for 15.3% of the Group’s total revenue.

Based on the unaudited financial information, the table below sets forth a breakdown of our revenue generated from our value-added services provided to non-property owners for the years ended 31 December 2022 and 2021 respectively:

	For the year ended 31 December			
	2022		2021	
	<i>RMB’000</i>	<i>%</i>	<i>RMB’000</i>	<i>%</i>
Sales assistance services	<b>334,013</b>	<b>34.6</b>	353,668	40.8
Additional tailored services	<b>394,321</b>	<b>40.9</b>	310,021	35.7
Preliminary planning and design consultancy services	<b>70,095</b>	<b>7.3</b>	96,961	11.2
Housing repair services	<b>121,203</b>	<b>12.6</b>	67,437	7.8
Pre-delivery inspection services	<b>44,797</b>	<b>4.6</b>	39,275	4.5
<b>Total</b>	<b>964,429</b>	<b>100.0</b>	867,362	100.0

## **City Services**

With the continuous development of social governance and the socialisation of logistic services for the authorities, we have gradually expanded from the traditional residential property sector to the non-residential sector and then to the operation of city services based on the market demand and the development direction of the Company's "big property services (大物業)" strategy. Since 2020, we have earned experiences in urbanization services through strategic cooperation with regional urban investment platforms such as Shanghai Lingang New City Investment & Construction Co., Ltd.\* (上海臨港新城投資建設有限公司) and Wuxi Huishan State-owned Investment Holding Group Co., Ltd.\* (無錫市惠山國有投資控股集團有限公司), and further built up our professional capabilities in city services through the acquisition and integration of Meizhong Environment in 2021.

We launched the Company's mission "Building Better Lives" at the initial stage of our listing, and in 2020, we first announced the Company's vision to "Grow into A Customer-preferred Smart City Service Brand". After continuous exploration and research, we have positioned the Company's city services in three directions: (i) city municipal services butler, focusing on environmental sanitation and greening, as well as old community renovation services; (ii) urban asset management assistant, serving urban idle space and area resource management; and (iii) urban future development partner, serving smart city construction.

## **Future Outlook**

In the past year of 2022, the resurgence of the COVID-19 pandemic had posed a great challenge to the socio-economic operation. As a property management company, we have the responsibility to actively cooperate with the local government in neighbourhood governance work to safeguard the health and living convenience of property owners, while always prioritising the safety of our staff. In the face of the new challenges and opportunities ahead, the Group's management will lead our staff to overcome obstacles and challenges and move forward quickly in line with our set goals.

### ***Step-up Increase in our Business Size and Market Share***

We plan to increase both the number and GFA of properties under management. We will further expand and optimize our professional marketing team to prepare for strategical evaluation and participation in biddings. We strive to acquire more property management businesses through tendering and bidding and achieve quality improvement. We intend to further increase our business footprint and project density in strategic locations with high population density and consumption capacity, focusing on 100 cities. Based on the Group's strong brand, we have also established strategic alliances with property developers and urban construction investment companies to provide property management services for their projects, further penetrate into strategic market share. Moreover, we aim to leverage on the overwhelming trend of service socialization to diversify the portfolio of properties under management via managing more non-residential properties, such as hospitals, exhibition centers and industrial parks. With the evolution of the Group's capabilities and opportunities arising in the industry, we will also gradually expand the Group's footprint and seize opportunities in city service as well as other segments.

### ***Continuous Endeavour to Diversify our Services***

We plan to further diversify our value-added services to non-property owners by enhancing our capabilities in preliminary planning and design consultancy services, project quality monitoring services, pre-delivery inspection services, sales assistance services and housing repair services.

We will enhance full industry chain coverage for property development, sales and management so as to achieve vertical industry extension. We aim to acquire more opportunities to secure property management projects while providing value-added services to property developers.

We also plan to provide consultancy services to local property management companies to expand our business and enhance our brand awareness.

Community value-added services have always been our strategic focus “to make the platform bigger and stronger, and to make the ecosystem better and more thorough (做大做強平台、做優做透生態)”. We will continue to implement the BU system and operate the specialized business after validation of business logic in an independent manner with more focus, professionalism and talent. We hope to increase our market penetration rate and reach out to the common needs of property owners in a better and broader way.

### ***Continuing to Bring in Talents and Upgrade Organization***

We continue to bring in premium young blood to the Group through our “Endless Dynamic (永動力)” campus recruitment programme. As we expand our management scale and upgrade our service offerings, we have been nurturing dedicated talents for the long-term development of the Group. For our senior management, we have continued to implement our strategy of “vacating cage to change bird (騰籠換鳥)”, aiming to build a genuine senior management team with vision and consensus. We also give our middle-level management sufficient room for growth and professional training in various business areas. We have been building an all-round organization at different levels to activate team dynamics.

### ***Further Investment in Technologies and Intelligent Operations***

We will make further investments in technologies and intelligent operations to improve our service quality and operational efficiency. In 2019, we established Linjiu Intelligent Technology Co., Ltd.\* (霖久智慧科技有限公司) with the aim to enhance our service quality management with digital construction and to enable technology to drive the property revolution.

We plan to invest further in the upgrade of our internal management system. We expect to optimize our internal enterprise resource planning (ERP) information system, office automation system, financial system, human resources system and contract management system. We will build a big data information sharing platform, comprising management tools such as customer relationship management (CRM) cloud, property management cloud, bill management cloud and parking cloud, to enable the interconnection of information among property owners, our employees, and business partners. We plan to establish a centralized command center to enable remote control of our operation, conduct data analysis, reduce intermediate logistics and improve management accuracy and efficiency. We will continue to press forward with our progress towards standardization, centralization, digitalization and automation to ensure the consistent delivery of quality services with minimal human errors and to exercise effective control on operational costs.

## FINANCIAL REVIEW

### Revenue

Based on the unaudited financial information, in 2022, due to our continuous multi-wheel driven business development, the Group's revenue was approximately RMB6,276.5 million, representing an increase of 33.5% from approximately RMB4,702.8 million in 2021.

Revenue of the Group by business line is as follows:

	For the year ended 31 December			
	2022		2021	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management services	<b>3,887,811</b>	<b>61.9</b>	2,654,425	56.4
Community value-added services	<b>1,020,063</b>	<b>16.3</b>	1,099,484	23.4
Value-added services to				
non-property owners	<b>964,429</b>	<b>15.4</b>	867,362	18.4
City services	<b>403,350</b>	<b>6.3</b>	80,579	1.7
Others	<b>826</b>	<b>0.1</b>	966	0.1
<b>Total revenue</b>	<b><u>6,276,479</u></b>	<b><u>100.0</u></b>	<b><u>4,702,816</u></b>	<b><u>100.0</u></b>

The revenue generated from property management services was still our largest source of revenue. During 2022, the revenue from property management services was approximately RMB3,887.8 million, accounting for 61.9% of the Group's total revenue. The increase in revenue from property management services was primarily driven by the growth of our total GFA under management. Our total GFA under management increased from approximately 171.0 million sq.m. as at 31 December 2021 to approximately 210.0 million sq.m. as at 31 December 2022, which was a result from our steady cooperation with CIFI Group, our efforts to expand the third-party customer base, as well as our acquisitions of other property management service providers. The following table sets out the Group's revenue derived from property management services by type of property developer during the years indicated:

	<b>For the year ended 31 December</b>			
	<b>2022</b>		<b>2021</b>	
	<i><b>RMB'000</b></i>	<i><b>%</b></i>	<i><b>RMB'000</b></i>	<i><b>%</b></i>
CIFI Group <sup>(1)</sup>	<b>1,082,755</b>	<b>27.8</b>	768,385	28.9
Third-party property developers <sup>(2)</sup>	<b>2,805,056</b>	<b>72.2</b>	1,886,040	71.1
<b>Total revenue</b>	<b><u>3,887,811</u></b>	<b><u>100.0</u></b>	<b><u>2,654,425</u></b>	<b><u>100.0</u></b>

(1) Included properties solely developed by CIFI Group and properties that CIFI Group jointly developed with other property developers in which CIFI Group held a controlling interest.

(2) Referred to properties solely developed by third-party property developers independent from CIFI Group, as well as properties jointly developed by CIFI Group and other property developers in which CIFI Group did not hold a controlling interest.

During the year ended 31 December 2022, the Group was committed to expand the sources of revenue from value-added services.

The revenue from community value-added services decreased from approximately RMB1,099.5 million for 2021 to approximately RMB1,020.1 million for 2022, representing a decrease of 7.2%. The decrease in revenue from community value-added services was mainly due to the decrease of revenue from property agency services business, which was affected by COVID-19 pandemic and the weakened property market in China during the year ended 31 December 2022.

The revenue from value-added services to non-property owners increased by approximately 11.2% from approximately RMB867.4 million for 2021 to approximately RMB964.4 million for 2022, which was mainly driven by the increase in the revenue generated from additional tailored services and housing repair services. During the year, we further strengthened our cooperation relationship with partner property developers and provided them with professional and quality services, and we have also further developed fitting-out business which commenced since the second half of 2021.

In October 2021, the Group officially stepped into the city services business in the PRC by acquiring Meizhong Environment, which is a reputable environmental sanitation service provider. During the year ended 31 December 2022, the revenue generated from city services was approximately RMB403.4 million.

### **Cost of Services**

Cost of services increased by approximately 46.4% from approximately RMB3,403.0 million for 2021 to approximately RMB4,983.2 million for 2022, primarily due to the increase of various kinds of costs as a result of the scale-up of our business. We will continuously invest in intelligent operation and conduct effective cost control measures to improve our operation efficiency.

## Gross profit

As a result of the above principal factors, the Group's gross profit decreased by approximately 0.5% from approximately RMB1,299.9 million for 2021 to approximately RMB1,293.3 million for 2022.

Gross profit margin of the Group for major business lines was as follows:

	For the year ended	
	31 December	
	2022	2021
Property management services	19.4%	23.1%
Community value-added services	29.7%	44.9%
Value-added services to non-property owners	21.3%	20.9%
City services	7.6%	15.5%
<b>Overall</b>	<b>20.6%</b>	<b>27.6%</b>

In 2022, the gross profit margin of the Group was 20.6%, representing a decrease of 7.0 percentage points as compared with that of 27.6% for 2021, which was primarily due to the decrease in gross profit margin of our property management services, community value-added services, as well as the increase of revenue from city services which has a relatively lower gross profit margin.

The gross profit margin of property management services was 19.4%, representing a decrease as compared with that of 23.1% for 2021. The decrease was primarily due to the increase in the proportion of revenue from public properties which has a relatively lower gross profit margin.

The gross profit margin of community value-added services was 29.7%, decreased from 44.9% for 2021, which was mainly due to the decrease in the proportion of revenue from property agency services which has a relatively higher gross profit margin.

The gross profit margin of value-added services to non-property owners was 21.3%, which remained stable as compared with that for the year 2021.

The gross profit margin of city services, decreased from 15.5% for 2021 to 7.6% for 2022, which was mainly due to relatively higher expenditures and lower gross profit margin at development stage.

### **Other income and other gains and losses**

In 2022, the Group's other income and other gains and losses recorded a net gain of approximately RMB175.5 million, representing an increase of 43.6% from approximately RMB122.2 million for 2021. This was primarily due to an increase in gain from fair value changes of financial assets at fair value through profit and loss (“FVTPL”).

### **Administrative and selling expenses**

In 2022, the Group's total administrative and selling expenses amounted to approximately RMB563.6 million, representing an increase of approximately 21.2% from approximately RMB464.9 million for 2021, which was mainly due to the increase of personnel investment caused by the increase in the headcount of administrative and sales staff as a result of the growth of our business volume. The Group attached great importance to improving management efficiency. During the year ended 31 December 2022, the growth rate of the Group's administrative and selling expenses was much lower than that of the Group's revenue.

### **Other expenses**

During the year ended 31 December 2022, the Group recorded other expenses of approximately RMB2.8 million, representing an increase from approximately RMB22,000 for 2021. Such increase was mainly because in 2021 we reversed the over-accrued contingent liability.

### **Profit before taxation**

During the year ended 31 December 2022, the profit before income tax was approximately RMB741.0 million, representing a decrease of approximately 16.9%, as compared with approximately RMB891.4 million for 2021.

### **Income tax expense**

During the year ended 31 December 2022, the Group's income tax was approximately RMB165.1 million, representing 22.3% of the profit before income tax expense, while the income tax was approximately RMB198.9 million, representing 22.3% of the profit before income tax expense in 2021.

### **Profit attributable to owners of the Company**

The profit attributable to owners of the Company for 2022 was approximately RMB480.1 million, representing a decrease of approximately 22.2%, as compared with approximately RMB617.0 million for 2021.

### **Property, plant and equipment**

Property, plant and equipment of the Group mainly consisted of buildings, leasehold improvements, computer equipment, transportation equipment, as well as other fixed assets. As at 31 December 2022, the Group's property, plant and equipment amounted to approximately RMB129.7 million, representing an increase from approximately RMB112.3 million as at 31 December 2021, which was mainly due to the increase of transportation equipment as a result of the business development of Meizhong Environment.

### **Investment properties**

Our investment properties mainly comprised buildings, parking spaces and storage rooms at the properties we owned. As at 31 December 2022, the Group's investment properties amounted to approximately RMB556.7 million, representing an increase from approximately RMB59 million as at 31 December 2021, which was mainly due to the acquisition of three buildings that yields rental income.

## **Intangible assets**

The Group's intangible assets mainly comprised property management contracts and customer relationship attributable to acquired companies, and information technology systems. As at 31 December 2022, the Group's intangible assets amounted to approximately RMB354.2 million, representing a decrease from approximately RMB371.7 million as at 31 December 2021, which was mainly caused by the amortization of intangible assets during the year ended 31 December 2022, and our continuous investment in information technology systems for the purpose of improving our managerial competence and delivering better services to our clients.

## **Goodwill**

As at 31 December 2022, the Group's goodwill amounted to approximately RMB1,454.7 million, representing an increase from approximately RMB1,343.7 million as at 31 December 2021. This increase in goodwill was mainly resulted from the acquisition of subsidiaries from third parties during the year ended 31 December 2022.

## **Trade and bill receivables**

Our trade and bill receivables mainly arose from property management services income under a lump sum basis, value-added services to non-property owners and city services. As at 31 December 2022, trade and bills receivables of the Group amounted to approximately RMB1,771.7 million, representing an increase from approximately RMB788.3 million as at 31 December 2021, which was mainly due to the increase in our revenue.

## **Prepayments and other receivables**

Our prepayments and other receivables mainly consisted of payments made on behalf of our residents such as payments for the utility bills and public facility maintenance fund, as well as security deposits with local authorities for providing property management services per local law requirements, bidding deposits in relation to the public biddings, deposits to secure the sales collection of car parks, storage units and retail shops, and prepayments to vendors. As at 31 December 2022, our prepayments and other receivables amounted to approximately RMB1,718.9 million, representing an increase from approximately RMB536.5 million as at 31 December 2021, which was mainly due to the growth of our business volume and more investment in property agency service business.

## **Financial assets at FVPTL**

Financial assets at FVPTL mainly include investments in a listed entity and investments in several closed-end funds.

As at 31 December 2022, the balance of financial assets at FVPTL of the Group amounted to approximately RMB400.0 million, which was mainly due to the Group's purchase of financial assets during the year ended 31 December 2022 to provide yields for its idle funds.

## **Trade and bills payables**

As at 31 December 2022, trade payables of the Group amounted to approximately RMB1,002.2 million, representing an increase from approximately RMB586.4 million as at 31 December 2021, which was mainly a result of the scale-up of our business, the increase of the sub-contracting cost as we continued to sub-contract certain services to third-parties to optimize our operations.

## **Accruals and other payables**

As at 31 December 2022, our accruals and other payables was approximately RMB1,228.1 million, representing an increase from approximately RMB1,106.3 million as at 31 December 2021, which was mainly due to the increase of other payables and salaries payables, caused by the increase of our management scale and the expansion of our business.

## **Contract liabilities**

Contract liabilities of the Group were fees paid by customers in advance for the services which had not been provided and not been recognized as revenue. As at 31 December 2022, our contract liabilities amounted to approximately RMB669.2 million, representing an increase of 12% from approximately RMB597.3 million as at 31 December 2021, which was primarily due to the increase in our GFA under management and our customer base during the year ended 31 December 2022.

## **Cash flows**

During the year ended 31 December 2022, net cash outflow from operating activities of the Group amounted to approximately RMB1,019.7 million, while that was net cash inflow of approximately RMB837.0 million for 2021. The net cash outflow was mainly due to the increase of trade and bills receivables as well as prepayments and other receivables.

During the year ended 31 December 2022, net cash outflow from investing activities amounted to RMB983.6 million, representing a slight increase from approximately RMB917.0 million for 2021. The net cash outflow from investing activities during the year was mainly due to purchase of investment properties and financial assets at FVTPL.

Net cash outflow from financing activities amounted to approximately RMB448.5 million for 2022, while that was net cash inflow of approximately RMB908.1 million for 2021. The net cash outflow from financing activities during the year ended 31 December 2022 was mainly dividend payment.

## **Gearing ratio and the basis of calculation**

As at 31 December 2022, the gearing ratio of the Group was 1.58% (31 December 2021: 0.03%). The gearing ratio is equal to the sum of long-term and short-term interest-bearing borrowings divided by total equity.

## **Capital expenditure**

During the year ended 31 December 2022, capital expenditure of the Group amounted to approximately RMB550.6 million (2021: RMB59.6 million). The capital expenditure was mainly used to invest in information technology systems and software as well as investment properties and transportation equipment for business operation.

## **Capital structure**

As at 31 December 2022, the Group's cash and bank balances were mainly held in Renminbi, Hong Kong dollar and US dollar, and the Group's borrowings were denominated in Renminbi with approximately RMB13.9 million at fixed interest and RMB62.2 million at variable interest rates.

As at 31 December 2022, equity attributable to owners of the company amounted to approximately RMB4,595.9 million, compared to approximately RMB4,443.8 million as at 31 December 2021.

Financial position of the Group remained stable. As at 31 December 2022, the Group's net current assets was approximately RMB1,836.2 million (31 December 2021: approximately RMB2,890.9 million), while the current ratio (current assets/current liabilities) of the Group was 1.6 (31 December 2021: 2.2).

### **Liquidity and financial resources**

During the year ended 31 December 2022, the Group's principal use of cash was working capital and consideration payment for acquisition of subsidiaries, investment properties, as well as financial assets at FVTPL, which was mainly funded from cash flow from operations. In the foreseeable future, we expect cash flow from operations will continue to be our principal source of liquidity and we may use a portion of the proceeds from the initial public offering of the Company ("IPO") and our other fundraising activities conducted to finance some of our capital expenditures.

As at 31 December 2022, the Group's borrowings were RMB76.2 million (31 December 2021: RMB1.4 million). Except as disclosed herein and apart from intra-group liabilities, we did not have any outstanding loan capital, bank overdrafts and liabilities, or other similar indebtedness, debentures, mortgages, charges or loans as at the end of 2022.

### **Pledging of assets**

As at 31 December 2022, the Group had pledged owned properties with carrying amounts of approximately RMB220.1 million (31 December 2021: approximately RMB2.7 million) to secure the balance of borrowings of approximately RMB70.2 million.

### **Contingent liabilities**

As at 31 December 2022, the Group had no material contingent liabilities which have not been properly accrued for. The Group is involved in certain legal claims that have arisen during our usual and ordinary course of business. The Group does not expect that such legal claims will incur any material adverse effect on our business, financial condition or operating results and has made best estimation of the liability after considering legal advice.

## **Interest rate risk**

As the Group has no significant interest-bearing assets and liabilities other than bank deposits and borrowings, the Group's exposure to the interest rate risk is limited to the market risk for changes in interest rates which relates primarily to bank balances and borrowings that bear floating interest rates. Our management monitors the interest rate risk and takes prudent measures to reduce the interest rate risk.

## **Foreign exchange risk**

The principal activities of the Group are conducted in China, and a majority of the Group's income and expenses were denominated in Renminbi. Certain bank balances were denominated in Hong Kong dollars and US dollars. Currently, the Group has not entered into contracts to hedge its exposure to foreign exchange risk, but the management will continue to monitor the foreign exchange exposure, and take prudent measures to reduce the foreign exchange risk.

## **Employment and remuneration policy**

The Group adopts remuneration policies similar to its peers in the industry. The remuneration payable to our staff is fixed by reference to the duties and the prevailing market rates in the region. Discretionary performance bonus after assessments is paid to employees to reward their contributions. In compliance with the applicable statutory requirements in the PRC and existing requirements of the local government, the Group has participated in different social welfare plans for our employees.

As at 31 December 2022, the Group had 26,685 employees (as at 31 December 2021: 16,709 employees).

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company has applied the principles of good corporate governance and complied with the code provisions as set out in Part 2 of the Corporate Governance Code as contained in Appendix 14 of the Listing Rules during the year ended 31 December 2022.

## **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 10 to the Listing Rules as its code of conduct regarding Directors’ securities transactions. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the year ended 31 December 2022.

## **AUDIT COMMITTEE**

The Audit Committee consists of one non-executive Director and two independent non-executive Directors, namely Mr. Lin Feng, Mr. Ma Yongyi and Mr. Cheung Wai Chung. Mr. Cheung Wai Chung, who holds the appropriate professional qualifications as required under Rule 3.10(2) and Rule 3.21 of the Listing Rules, serves as the chairman of the Audit Committee.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 2 June 2021, the Directors were granted a general mandate to exercise the power of the Company to buy back up to 167,040,000 Shares, representing 10% of the total number of Shares in issue as at 2 June 2021 (the “**2021 Buy-back Mandate**”). The 2021 Buy-back Mandate expired at the conclusion of the annual general meeting of the Company held on 7 June 2022, and the Directors were granted a general mandate to buy back a maximum of 175,253,600 Shares, representing 10% of the total number of Shares in issue as at 7 June 2022 (the “**2022 Buy-back Mandate**”). During the year ended 31 December 2022, pursuant to the 2021 Buy-back Mandate and 2022 Buy-back Mandate, the Company bought back an aggregate of 4,142,000 of Shares on the Stock Exchange at a total consideration of approximately HK\$35,715,420, exclusive of commissions and other expenses.

Details of the Share buy-backs were as follows:

Date of buy-back	Number of Shares bought back	Consideration per Share		Total consideration paid for the buy-back
		Highest price paid <i>HK\$</i>	Lowest price paid <i>HK\$</i>	<i>HK\$</i>
4 January 2022	370,000	11.40	11.34	4,217,160
5 January 2022	456,000	11.00	10.86	4,987,960
1 April 2022	194,000	10.20	10.16	1,977,800
7 April 2022	166,000	11.96	11.92	1,981,800
21 April 2022	190,000	10.50	10.48	1,994,600
22 April 2022	194,000	10.24	10.20	1,984,160
25 April 2022	208,000	9.56	9.55	1,987,800
29 April 2022	204,000	9.70	9.69	1,978,120
12 July 2022	500,000	7.41	7.27	3,679,080
13 July 2022	500,000	7.13	6.99	3,537,140
14 July 2022	94,000	7.02	7.01	659,820
19 July 2022	500,000	6.40	6.38	3,198,240
20 July 2022	316,000	6.39	6.37	2,015,280
21 July 2022	250,000	6.09	6.02	1,516,460
<b>Total</b>	<b>4,142,000</b>			<b>35,715,420</b>

A total of 1,384,000 Shares bought back by the Company on 16 September 2021, 17 December 2021, 20 December 2021, 4 January 2022 and 5 January 2022 respectively were cancelled on 3 March 2022.

A total of 3,316,000 Shares bought back by the Company on 1 April 2022, 7 April 2022, 21 April 2022, 22 April 2022, 25 April 2022, 29 April 2022, 12 July 2022, 13 July 2022, 14 July 2022, 19 July 2022, 20 July 2022 and 21 July 2022 respectively were cancelled on 8 December 2022.

## **REVIEW OF UNAUDITED ANNUAL RESULTS**

The independent non-executive Directors have abstained from voting on the Board's resolution in relation to the publish of the Unaudited Management Accounts as set out in this announcement.

### **(2) CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Friday, 31 March 2023, pending the publication of the 2022 Annual Results. As the Company is unable to publish the audited 2022 Annual Results and the 2022 Annual Report on or before 30 April 2023 in compliance with Rule 13.46(2)(a) of the Listing Rules, trading in the shares of the Company on the Stock Exchange will continue to suspend pending the publication of the audited 2022 Annual Results.

The Company will publish further announcement(s) in due course in accordance with the Listing Rules and applicable laws as and when appropriate to inform the shareholders and potential investors of the Company of any update on (i) the date of the meeting of the Board to approve the audited 2022 Annual Results, (ii) the audit process of the 2022 Annual Results, (iii) the timing of despatch of the 2022 Annual Report, and (iv) the resumption of trading in the shares of the Company. The management of the Company will endeavour to publish the audited 2022 Annual Results and despatch the 2022 Annual Report on or before 30 June 2023.

**The financial information contained herein is subject to further work by the Auditor on, amongst other things, matters relating to the relevant transactions referred to in the Letter and has not been audited nor been agreed with the Auditor and the Audit Committee. Holders of the shares of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company. When in doubt, shareholders, holders of the shares of the Company and other investors of the Company are advised to seek professional advice from their own professional or financial advisers.**

By order of the Board  
**CIFI Ever Sunshine Services Group Limited**  
**Lin Zhong**  
*Chairman*

Hong Kong, 28 April 2023

*As at the date of this announcement, the executive Directors are Mr. LIN Zhong, Mr. ZHOU Hongbin and Mr. ZHOU Di; the non-executive Director is Mr. LIN Feng; and the independent non-executive Directors are Mr. MA Yongyi, Mr. YU Tiecheng and Mr. CHEUNG Wai Chung.*

\* *For identification purpose only*