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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)**

**FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021**

**HIGHLIGHTS**

1. Revenue for 2021 was approximately RMB4,702.8 million, representing an increase of 50.8% from approximately RMB3,119.6 million for 2020.
2. The gross profit of the Group for 2021 was approximately RMB1,299.9 million, representing an increase of 32.7% from approximately RMB979.5 million for 2020.
3. Profit for 2021 was approximately RMB692.5 million, representing an increase of 56.5%, as compared with approximately RMB442.6 million for 2020. Meanwhile, profit attributable to owners of the Company for 2021 was approximately RMB617.0 million, representing an increase of 58.0% as compared with approximately RMB390.4 million for 2020.
4. As at 31 December 2021, the contracted GFA of the property management services of the Group was approximately 270.8 million sq.m, representing an increase of approximately 49.4%, as compared with approximately 181.2 million sq.m as at 31 December 2020.
5. The Board recommended the payment of a final dividend of HK\$0.1299 per ordinary share of the Company for the year ended 31 December 2021 (2020: HK\$0.0838).

The board (the “**Board**”) of directors (the “**Directors**”) of CIFI Ever Sunshine Services Group Limited (the “**Company**” or “**we**” or “**us**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together the “**Group**”) for the year ended 31 December 2021 with comparative figures for the year ended 31 December 2020. These audited consolidated results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2021*

		<b>For the year ended</b>	
		<b>31 December</b>	
	Notes	<b>2021</b>	2020
		<i><b>RMB’000</b></i>	<i>RMB’000</i>
<b>Revenue</b>	5	<b>4,702,816</b>	3,119,563
Cost of services		<b>(3,402,951)</b>	(2,140,056)
<b>Gross profit</b>		<b>1,299,865</b>	979,507
Other income and other gains and losses		<b>122,196</b>	(10,278)
Administrative expenses		<b>(382,121)</b>	(271,613)
Selling expenses		<b>(82,799)</b>	(61,065)
Expected credit loss on financial assets		<b>(62,220)</b>	(32,148)
Finance costs		<b>(3,486)</b>	(1,498)
Other expenses		<b>(22)</b>	(4,786)
<b>Profit before taxation</b>		<b>891,413</b>	598,119
Income tax expense	8	<b>(198,878)</b>	(155,503)
<b>Profit and total comprehensive income for the year</b>		<b><u>692,535</u></b>	<u>442,616</u>

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

*For the year ended 31 December 2021*

		<b>For the year ended</b>	
		<b>31 December</b>	
	Note	<b>2021</b>	2020
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Profit and total comprehensive</b>			
<b>income for the year</b>			
Attributable to:			
Owners of the Company		<b>617,014</b>	390,372
Non-controlling interests		<b>75,521</b>	52,244
		<b><u>692,535</u></b>	<u>442,616</u>
<b>Earnings per share (RMB)</b>			
Basic earnings per share	9	<b><u>0.3663</u></b>	<u>0.2426</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	31 December	31 December
Note	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
<b>ASSETS AND LIABILITIES</b>		
<b>Non-current assets</b>		
Property, plant and equipment	112,264	86,201
Investment properties	58,970	55,119
Intangible assets	371,687	91,049
Goodwill	1,343,707	470,952
Deferred tax assets	38,196	20,620
Prepayments of property, plant and equipment	367	12,448
Deferred contract costs	12,663	—
	<u>1,937,854</u>	<u>736,389</u>
<b>Current assets</b>		
Inventories	3,549	—
Deferred contract costs	4,474	—
Trade and bills receivables	6 788,316	458,628
Prepayments and other receivables	536,134	264,688
Other financial assets	—	30,000
Restricted cash	11,119	6,873
Bank balances, deposits and cash	3,985,046	3,170,589
	<u>5,328,638</u>	<u>3,930,778</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

*As at 31 December 2021*

		31 December 2021	31 December 2020
	Notes	<i>RMB'000</i>	<i>RMB'000</i>
<b>Current liabilities</b>			
Trade payables	7	586,364	362,848
Accruals and other payables		1,106,347	693,319
Bank loan		1,400	—
Contract liabilities	5(c)	597,347	387,825
Lease liabilities		11,250	13,828
Provision for taxation		135,072	124,874
		<b>2,437,780</b>	1,582,694
<b>Net current assets</b>		<b>2,890,858</b>	2,348,084
<b>Total assets less current liabilities</b>		<b>4,828,712</b>	3,084,473
<b>Non-current liabilities</b>			
Lease liabilities		9,179	15,508
Other long-term payables		20,787	4,928
Deferred tax liabilities		107,008	46,602
		<b>136,974</b>	67,038
<b>Net assets</b>		<b>4,691,738</b>	3,017,435
<b>EQUITY</b>			
Share capital		15,519	14,830
Reserves		4,428,294	2,878,604
<b>Equity attributable to owners of the Company</b>		<b>4,443,813</b>	2,893,434
<b>Non-controlling interests</b>		<b>247,925</b>	124,001
<b>Total equity</b>		<b>4,691,738</b>	3,017,435

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

CIFI Ever Sunshine Services Group Limited (formerly known as Ever Sunshine Lifestyle 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 consolidated financial statements are presented in Renminbi (“**RMB**”), which is the functional currency of the Company.

## 2 BASIS OF PREPARATION

The 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 consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the 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 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 annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

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 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	Insurance Contracts and the related Amendments <sup>3</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>1</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 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>3</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>3</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>
Amendment to HKFRS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.



## **Amendments to HKFRS 3 Reference to the Conceptual Framework**

The amendments:

- update a reference in HKFRS 3 Business Combinations so that it refers to the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the “**Conceptual Framework**”) instead of Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting 2010 issued in October 2010);
- add a requirement that, for transactions and other events within the scope of HKAS 37 Provisions, Contingent Liabilities and Contingent Assets or HK(IFRIC)-Int 21 Levies, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

## **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 2021, revenue from CIFI Holdings (Group) Co., Ltd., its subsidiaries, joint ventures and associates (the “CIFI Group”) contributed 17.1% (2020: 17.6%) 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 2021 (2020: 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 2021 (2020: All).

As at 31 December 2021, all of the non-current assets were located in the PRC (2020: 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	
	2021	2020
	<i>RMB’000</i>	<i>RMB’000</i>
Revenue from contract with customer	<b>4,701,850</b>	3,118,873
Others	<b>966</b>	690
Total	<b><u>4,702,816</u></b>	<b><u>3,119,563</u></b>

## Revenue from contract with customer

### (a) Disaggregated revenue information

#### For the year ended 31 December 2021

	Property management services <i>RMB'000</i>	Community value-added services <i>RMB'000</i>	Value-added services to non-property owners <i>RMB'000</i>	City services <i>RMB'000</i>	Total <i>RMB'000</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>

**For the year ended 31 December 2020**

	Property management services <i>RMB'000</i>	Community value- added services <i>RMB'000</i>	Value-added services to non-property owners <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Types of goods and services</b>				
<u>Property management services</u>				
Lump sum basis	1,754,248	—	—	1,754,248
Commission basis	3,050	—	—	3,050
	<u>1,757,298</u>	<u>—</u>	<u>—</u>	<u>1,757,298</u>
<u>Community value-added services</u>				
Home-living services	—	454,534	—	454,534
Parking unit management and leasing services	—	104,266	—	104,266
Property agency services	—	191,632	—	191,632
Common area value-added services	—	39,463	—	39,463
	<u>—</u>	<u>789,895</u>	<u>—</u>	<u>789,895</u>
<u>Value-added services to non-property owners</u>				
Sales assistance services	—	—	330,480	330,480
Additional tailored services	—	—	103,171	103,171
Preliminary planning and design consultancy services	—	—	79,593	79,593
Housing repair services	—	—	33,474	33,474
Pre-delivery inspection services	—	—	24,962	24,962
	<u>—</u>	<u>—</u>	<u>571,680</u>	<u>571,680</u>
	<u>1,757,298</u>	<u>789,895</u>	<u>571,680</u>	<u>3,118,873</u>
<b>Timing of revenue recognition</b>				
A point in time	—	245,638	—	245,638
Over time	1,757,298	544,257	571,680	2,873,235
	<u>1,757,298</u>	<u>789,895</u>	<u>571,680</u>	<u>3,118,873</u>

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

Contracts for property management service and city services are usually long term and the Group bills a fixed amount for service provided every month. 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 2021 RMB'000</b>	31 December 2020 RMB'000
Contract liabilities	<u><u>597,347</u></u>	<u><u>387,825</u></u>

**(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 carried-forward contract liabilities.

	<b>For the year ended 31 December</b>	
	<b>2021 RMB'000</b>	2020 RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	<u><u>363,125</u></u>	<u><u>313,095</u></u>

## 6 TRADE AND BILLS RECEIVABLES

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000
Trade receivables		
– Related parties	<b>136,322</b>	80,507
– Third parties	<b>761,313</b>	428,697
	<b>897,635</b>	509,204
Bills receivables	<b>1,598</b>	5,618
Total	<b>899,233</b>	514,822
Less: allowance for credit losses	<b>(110,917)</b>	(56,194)
	<b>788,316</b>	458,628

As at 1 January 2020, trade and bills receivables from contracts with customers amounted to RMB342,006,000.

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

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

Property management services income under lump sum basis and service income from city services is due for payment by the residents upon the issuance of demand note. Service income from property management services are received in accordance with the term of the relevant property service agreements.

The maturity of the bills receivable of the Group as at 31 December 2021 and 2020 is within 6 months. As at 31 December 2021 and 2020, no bills receivable is due from related parties.

As at 31 December 2021 and 2020, the ageing analysis of the trade and bills receivables net of allowance of credit losses presented based on invoice date were as follows:

	<b>31 December 2021</b>	31 December 2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 1 year	<b>628,043</b>	373,521
1 to 2 years	<b>118,452</b>	66,424
2 to 3 years	<b>33,549</b>	15,730
3 to 4 years	<b>6,726</b>	2,874
4 to 5 years	<b>1,546</b>	79
	<b><u>788,316</u></b>	<u>458,628</u>

## 7 TRADE PAYABLES

	<b>31 December 2021</b>	31 December 2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Trade payables		
– Related parties	<b>20,955</b>	5,900
– Third parties	<b>565,409</b>	356,948
	<b><u>586,364</u></b>	<u>362,848</u>

Based on the receipt of services and goods, which normally coincided with the invoice dates, the aging analysis of the Group's trade payables as at 31 December 2021 and 2020 as follows:

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000
Within 1 year	538,777	342,139
1 to 2 years	35,453	20,025
2 to 3 years	11,621	684
3 to 4 years	513	—
	<u>586,364</u>	<u>362,848</u>

## 8 INCOME TAX EXPENSE

	<b>For the year ended 31 December</b>	
	<b>2021 RMB'000</b>	2020 RMB'000
<b>PRC Enterprise Income Tax:</b>		
Current tax	220,393	175,254
Over-provision in respect of prior year	(635)	(2,735)
	<u>219,758</u>	<u>172,519</u>
<b>Deferred tax</b>		
Credited to profit or loss for the year	(20,880)	(17,016)
	<u>198,878</u>	<u>155,503</u>





## 10 DIVIDENDS

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2020 Final - HK\$0.0838 (2019 Final - HK\$0.0479) per ordinary share	<u><b>117,228</b></u>	<u>73,083</u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2021 of HK\$0.1299 (2020: final dividend in respect of the year ended 31 December 2020 of HK\$0.0838) per ordinary share, in an aggregate amount of HK\$227,654,000 (2020: HK\$139,980,000), has been proposed by the Board of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Overview

We are a reputable and fast-growing comprehensive property management service provider in China. In April 2021, we were honourably elected as one of the “2021 Top 100 Property Management Companies in China (2021中國物業服務百強企業)” by the China Index Academy. The overall strength ranking was 11th, promoted by 1 place compared with 2020. As at 31 December 2021, we provided property management services, value-added services, as well as city services in 124 cities within Mainland China, with total contracted gross floor area (“GFA”) of approximately 270.8 million sq.m., among which, total GFA under management amounted to approximately 171.0 million sq.m., serving more than 600,000 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) and the provision of other quality tailor-made 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 includes (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, etc.

## **Property Management Services**

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

The Group has made it one of its strategic objectives to sustain the rapid expansion of GFA under management, and during the year, it achieved rapid growth in contracted GFA and GFA under management through multi-wheel drivers. As at 31 December 2021, we had approximately 270.8 million sq.m. of contracted GFA and 1,409 contracted projects, representing an increase of approximately 49.4% and 43.0% respectively as compared with those as at 31 December 2020. As at 31 December 2021, we had approximately 171.0 million sq.m. of GFA under management and 1,032 projects under management, representing an increase of approximately 68.3% and 61.8% respectively as compared with those as at 31 December 2020.

The table below sets forth the changes in our contracted GFA and GFA under management for the years ended 31 December 2021 and 2020 respectively:

	<b>For the year ended 31 December</b>			
	<b>2021</b>		<b>2020</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>181,192</b>	<b>101,625</b>	110,558	65,151
New engagements <sup>(1)</sup>	<b>76,302</b>	<b>59,138</b>	74,604	40,952
Acquisitions <sup>(2)</sup>	<b>17,975</b>	<b>14,862</b>	3,389	2,417
Terminations <sup>(3)</sup>	<b>(4,702)</b>	<b>(4,588)</b>	(7,359)	(6,895)
As at the end of the year	<b><u>270,767</u></b>	<b><u>171,037</u></b>	<u>181,192</u>	<u>101,625</u>

Notes:

- (1) With respect to our residential and non-residential projects under management, new engagements primarily included preliminary management contracts for new properties developed by property developers, and property management service contracts pursuant to which we replace the previous property management service providers.
- (2) Acquisitions during the year included Huaxi Xin'an (Beijing) Property Management Co., Ltd.\* (華熙鑫安(北京)物業管理有限公司) (“**Huaxi Xin'an**”), Shanghai Xingyue Property Services Co., Ltd.\* (上海星悅物業服務有限公司) (“**Shanghai Xingyue**”), Shandong XinJian Property Development Co., Ltd.\* (山東鑫建物業發展有限公司) (“**Shandong XinJian**”), Hunan Meizhong Biophysical Environment Technology Co., Ltd.\* (湖南美中環境生態科技有限公司) (“**Meizhong Environment**”), and Shanghai Macalline Property Management Services Co., Ltd.\* (上海美凱龍物業管理服務有限公司) (“**Macalline Property**”).
- (3) 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 2021, we have expanded our geographic footprint from Shanghai to 124 cities in China.

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 2021 and 2020 respectively:

<b>As at 31 December or for the year ended 31 December</b>						
	<b>2021</b>			<b>2020</b>		
	<b>GFA</b>	<b>Revenue</b>	<b>%</b>	<b>GFA</b>	<b>Revenue</b>	<b>%</b>
<b>sq.m. '000</b>	<b>RMB'000</b>	<b>sq.m. '000</b>		<b>RMB'000</b>		
Eastern region <sup>(1)</sup>	<b>97,556</b>	<b>1,731,755</b>	<b>65.2</b>	65,949	1,176,427	66.9
Northern region <sup>(2)</sup>	<b>26,517</b>	<b>252,836</b>	<b>9.5</b>	8,222	152,967	8.7
Central Southern region <sup>(3)</sup>	<b>22,540</b>	<b>264,791</b>	<b>10.0</b>	12,875	194,690	11.1
Western region <sup>(4)</sup>	<b>19,654</b>	<b>285,793</b>	<b>10.8</b>	11,364	147,638	8.4
Northeastern region <sup>(5)</sup>	<b>4,770</b>	<b>119,250</b>	<b>4.5</b>	3,215	85,576	4.9
<b>Total</b>	<b><u>171,037</u></b>	<b><u>2,654,425</u></b>	<b><u>100.0</u></b>	<b><u>101,625</u></b>	<b><u>1,757,298</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, Dezhou, Zhenjiang, Xuzhou, Nanjing, Hangzhou, Jiaxing, Huzhou, Ningbo, Fuzhou, Xiamen, Chuzhou, Wuhu, Hefei, Heze, Bozhou, Qingdao, Wuxi, Jiangyin, Taizhou, Zhangzhou, Huainan, Wenzhou, Nantong, Quzhou, Jinan, Jining, Changzhou, Jinhua, Yixing, Zhangjiagang, Kunshan, Shishi, Weifang, Binzhou, Yantai, Quanzhou, Fuyang, Shaoxing, Yangzhou, Bengbu, Chizhou, Linyi, Taizhou, Weihai, Suqian, Xuancheng, Zibo, Huaian, Lianyungang, Yancheng, Huangshan, Jiujiang, Luan, Anqing, Dongying, Qidong, Ningxia and Fuqing.
- (2) Cities in the northern region in which we have property management projects include Beijing, Tianjin, Langfang, Shijiazhuang, Taiyuan, Hohhot, Tangshan, Cangzhou, Handan, Hengshui, Baotou and Chifeng.

- (3) Cities in the central southern region in which we have property management projects include Wuhan, Changsha, Guangzhou, Guilin, Zhuhai, Foshan, Yichang, Yiyang, Shaoyang, Hengyang, Shaoguan, Zhengzhou, Jiangmen, Nanning, Dongguan, Huanggang, Zhongshan, Yueyang, Huizhou, Nanchang, Luoyang, Nanyang, Zhuzhou, Xuchang, Luohe, Haikou, Liuzhou, Shenzhen, Changde, Loudi, Yicheng and Xiaogan.
- (4) Cities in the western region in which we have property management projects include Chongqing, Kunming, Xi'an, Yinchuan, Chengdu, Guiyang, Liupanshui, Anshun, Baiyin, Bijie, Tongren, Xianyang, Baoji, Jinzhong, Weinan, Urumqi, Xining, Guizhou, Lanzhou and Datong.
- (5) Cities in the northeastern region in which we have property management projects include Shenyang, Dalian, Dandong, Harbin and Changchun.

### ***Multi-wheel Driven Strategy Promotes the Continuous Expansion of Service Scale***

#### **Growing together with CIFI Group**

As a long-term service partner of CIFI Holdings (Group) Co. Ltd. (“**CIFI Holdings**”) (Stock Exchange Stock Code: 00884) and its subsidiaries (collectively “**CIFI Group**”), our services are widely recognized by them and we have built up a consolidated collaborative partnership with CIFI Group and benefited from the business stability and diversified development of the property plus segment of the CIFI Group.

According to the announcement published by CIFI Holdings on 5 January 2022, in 2021, CIFI Group recorded aggregated contracted sales (including contracted sales by joint ventures and associated companies) of approximately RMB247.25 billion, and contracted sales area of approximately 14.49 million sq.m..



### **Seize Development Opportunities in Independent Third-Party Markets**

As one of the most important drivers of the Company's four-wheel driven strategy, we have been actively exploring third-party markets in a diversified manner to increase our market share by expanding our resources to different independent markets. Our main targets for market expansion include independent regional property developers, property owners' committees and local governments. To acquire management rights for property developers' first-hand projects, we participated in the tender bidding of their new development projects. In 2021, we acquired premium first-hand projects such as Jinchen Huangmei Tiandi (錦晨黃梅天地), Hongxing • Tangong Linyi (紅星 • 檀宮臨邑) and Zhonghai International Building (中海國際大廈). 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 2021, we acquired premium second-hand projects such as Shengshi Huafu (盛世華府), Zhongliang Longwan Shoufu (中梁龍灣首府) and Miluo International Home Furnishing Expo (汨羅國際家居博覽中心) 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 2021, we acquired premium public construction projects such as Hangzhou Changhe Senior High School (杭州長河高級中學), Jiashan First People's Hospital (嘉善第一人民醫院) and Rongchang District Administration Centre (榮昌區行政中心).

Meanwhile, we are actively seeking opportunities to enter into strategic partnerships with various property developers and set up joint ventures to provide property management services. Until now, we have successfully entered into strategic partnerships with 28 property development companies or state owned construction investment companies, giving us priority access to the management rights of properties developed by these strategic partners.

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 become a crucial part of our development process. In terms of merger and acquisition, 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 concentration in existing markets, expanded our regional business scales, and made up the weaknesses among sectors quickly to enhance our multi-sector services capabilities.

During the year, the Group successfully acquired 50% of equity interests in Huaxi Xin’an, which has become a subsidiary of the Company since then. The project of Huaxi Xin’an, Wukesong Arena (華熙Live • 五棵松), is a unique cultural and sports landmark in Beijing including high-end commercial and official buildings, large sports halls and other diversified sectors.

During the year, the Group successfully acquired Shanghai Xingyue. Shanghai Xingyue is principally engaged in property management services for furnishing shopping malls. Its projects are mainly located in Shanghai and developed cities in Jiangsu and Zhejiang provinces.

In July 2021, the Group successfully acquired Shandong XinJian. This acquisition was our third acquisition in Shandong Province, further thickening our regional concentration and duplication capabilities. Shandong Xinjian is primarily engaged in warehousing and logistics public construction projects, and has a certain professional monopoly advantage in the region. This acquisition has also strengthened our comprehensive service capability in the non-residential sector in Shandong.

In October 2021, the Group completed the acquisition of 51% of equity interests in Meizhong Environment, complementing the Company’s development in the environmental sanitation sector. Meizhong Environment is a fully licensed environmental sanitation service provider, which is able to cater for the tendering business of the environmental sanitation industry on a national scale. The acquisition of Meizhong Environment expanded the Company’s capabilities in the city services sector, which was in line with the Company’s objective to “Grow into a customer-preferred smart city service brand”.

During the second half of the year, the Company also successfully acquired 80% of the equity interests of Macalline Property, further enhancing its professional capabilities in the commercial and official property management segment. Subsequent to the acquisition of Shanghai Xingyue in the first half of the year, the acquisition of Macalline Property further deepened our cooperation with Red Star Macalline Group Corporation Ltd. (紅星美凱龍家居集團股份有限公司). Based on mutual trust and recognition, it is expected that the continuous cooperation could result in satisfactory synergy effect and further promote the business growth of the Group.

In December 2021, we entered into an agreement to acquire Zhengzhou Jinyi Property Services Co., Ltd.\* (鄭州錦藝物業服務有限公司) (“**Zhengzhou Jinyi**”). This acquisition was completed in January 2022. Zhengzhou Jinyi is a property management service company, with 24 projects under management and 14 projects pending delivery, all of which are concentrated in Zhengzhou market with high density. Excellent project quality and a strong management team are conducive to the strengthening of the Group’s position in Zhengzhou market and highly consistent with the Group’s strategy of intensive regional development.

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

	<b>As at 31 December</b>			
	<b>2021</b>		<b>2020</b>	
	<b>GFA</b>		<b>GFA</b>	
	<b>sq.m. '000</b>	<b>%</b>	<b>sq.m. '000</b>	<b>%</b>
CIFI Group <sup>(1)</sup>	<b>32,051</b>	<b>18.7</b>	21,718	21.4
Third-party property developers <sup>(2)</sup>	<b>138,986</b>	<b>81.3</b>	79,907	78.6
<b>Total</b>	<b><u>171,037</u></b>	<b><u>100.0</u></b>	<b><u>101,625</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.

### ***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 expressway services stations, subway rail transit, tourist scenic spots and industrial exhibition centers. We will 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 cover more types of properties. As at 31 December 2021, non-residential properties accounted for approximately 34.4% in our GFA under management, while that was 28.6% as at 31 December 2020.

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 2021 and 2020 respectively:

<b>As at 31 December or for the year ended 31 December</b>						
	<b>2021</b>			<b>2020</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>
Residential properties	<b>112,173</b>	<b>1,478,060</b>	<b>55.7</b>	72,552	1,028,651	58.5
Non-residential properties	<b>58,864</b>	<b>1,176,365</b>	<b>44.3</b>	29,073	728,647	41.5
<b>Total</b>	<b><u>171,037</u></b>	<b><u>2,654,425</u></b>	<b><u>100.0</u></b>	<b><u>101,625</u></b>	<b><u>1,757,298</u></b>	<b><u>100.0</u></b>

***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 of which charged on a commission basis.

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 2021 and 2020 respectively:

	<b>As at 31 December or for the year ended 31 December</b>					
	<b>2021</b>			<b>2020</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>169,202</b>	<b>2,651,157</b>	<b>99.9</b>	100,117	1,754,248	99.8
Commission basis	<b>1,835</b>	<b>3,268</b>	<b>0.1</b>	1,508	3,050	0.2
<b>Total</b>	<b><u>171,037</u></b>	<b><u>2,654,425</u></b>	<b><u>100.0</u></b>	<b><u>101,625</u></b>	<b><u>1,757,298</u></b>	<b><u>100.0</u></b>

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

In 2021, revenue from community value-added services increased significantly by approximately 39.2% from approximately RMB789.9 million in 2020 to approximately RMB1,099.5 million, mainly due to the expansion in the scale of our GFA under management, the increase in the number of households served, and our further development in the provision of diversified specialized value-added services.

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 2021, we continued with the development trend of community value-added services. The revenue generated from community value-added services accounted for 23.4% 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 units (“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 2021, on the basis of the rapid development of such business units as community maintenance and repairing, and home decoration, we further applied the BU approach to the property agency business, increased our strategic focus, introduced high-level talents, formed a professional team. In the future, we will continue to promote the application of the BU approach to value-added services 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. The following table sets forth the breakdown of revenue from our community value-added services for the years ended 31 December 2021 and 2020 respectively:

	<b>For the year ended 31 December</b>			
	<b>2021</b>		<b>2020</b>	
	<b>RMB'000</b>	<b>%</b>	<b>RMB'000</b>	<b>%</b>
Home-living services <sup>(1)</sup>	<b>570,044</b>	<b>51.8</b>	454,534	57.5
Parking unit management and leasing services <sup>(2)</sup>	<b>124,176</b>	<b>11.3</b>	104,266	13.2
Property agency services <sup>(3)</sup>	<b>321,913</b>	<b>29.3</b>	191,632	24.3
Common area value-added services <sup>(4)</sup>	<b>83,351</b>	<b>7.6</b>	39,463	5.0
<b>Total</b>	<b><u>1,099,484</u></b>	<b><u>100.0</u></b>	<b><u>789,895</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 real estate development. Most of these non-property owners are property developers.

In 2021, revenue from value-added services to non-property owners increased significantly by approximately 51.7% to approximately RMB867.4 million as compared with RMB571.7 million in 2020, mainly due to the increase in the number of projects developed by CIFI Group and the partner property developers, as well as the number of property developers we served. 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, the revenue from value-added services to non-property owners accounted for 18.4% of the Group’s total revenue.

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 2021 and 2020 respectively:

	For the year ended 31 December			
	2021		2020	
	RMB'000	%	RMB'000	%
Sales assistance services	353,668	40.8	330,480	57.8
Additional tailored services	310,021	35.7	103,171	18.0
Preliminary planning and design consultancy services	96,961	11.2	79,593	13.9
Housing repair services	67,437	7.8	33,474	5.9
Pre-delivery inspection services	39,275	4.5	24,962	4.4
<b>Total</b>	<b>867,362</b>	<b>100.0</b>	<b>571,680</b>	<b>100.0</b>

### 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. From 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, 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.

With the encouragement of government policies and the evolution of the property management industry’s own capabilities, the property management industry has been provided with more opportunities for new business expansion. During the year, by adopting city services as one of our strategic development directions, we successfully entered into strategic partnerships with Hunan Jieshou Urban and Rural Construction Co., Ltd.\* (湖南省界首市城鄉建設有限公司) and Handan Hanshan District Urban Construction Investment Group Co., Ltd.\* (邯鄲市邯山區城市建設投資集團有限公司), further building up our comprehensive capabilities in city services and striving to become the customer-preferred smart city service brand.

## **Future Outlook**

The Group has also been cooperating with the local government in its neighbourhood governance work in order to safeguard the health and safety of property owners and provide them with daily necessities. During this process, the trust and relationship built up between us and property owners, reputation and brand we have established, will be a continuous growth driver for us and will pave the way for the long-term development of the Group. In the face of the new challenges and opportunities in the future, the management of the Group will lead our staff to overcome obstacles and march forward quickly in line with 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 engagements through tendering and bidding and achieve quality growth. We intend to further increase our business footprint and project density in strategic locations with high population density and consumption capacity. In addition to continuing to solidify our presence in the existing markets, we will seek new business opportunities brought by CIFI Group's extensive business coverage and its "concentric circles strategy (同心圓戰略)". 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 and enter new markets with potential for development. In addition, we will seize opportunities in the industry by making strategic acquisitions to complement sectors and deepen scales, so as to quickly strengthen our service capabilities in various sectors by closing the gaps. 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 on independent line for specialized business after validation of business logic with more focus, professionalism, talent and focus. 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 further expanded our school admissions in 2021 to nurture dedicated talents for the Group’s “1<sup>st</sup> Five-year Strategy (一五戰略)” and longer-term future. 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 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 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

In 2021, due to our continuous multi-wheel driven business development, the Group's revenue was approximately RMB4,702.8 million, representing an increase of 50.8% from approximately RMB3,119.6 million in 2020.

Revenue of the Group by business line is as follows:

	For the year ended 31 December			
	2021		2020	
	RMB'000	%	RMB'000	%
Property management services	<b>2,654,425</b>	<b>56.4</b>	1,757,298	56.4
Community value-added services	<b>1,099,484</b>	<b>23.4</b>	789,895	25.3
Value-added services to non-property owners	<b>867,362</b>	<b>18.4</b>	571,680	18.3
City services	<b>80,579</b>	<b>1.7</b>	—	—
Others	<b>966</b>	<b>0.1</b>	690	—
Total revenue	<b><u>4,702,816</u></b>	<b><u>100.0</u></b>	<b><u>3,119,563</u></b>	<b><u>100.0</u></b>

The property management services were still our largest source of income. During 2021, the revenue from property management services was approximately RMB2,654.4 million, accounting for 56.4% of the Group's total revenue. The increase in revenue from property management services was primarily driven by the fast growth of our total GFA under management. During the year, our total GFA under management increased from approximately 101.6 million sq.m. as at 31 December 2020 to approximately 171.0 million sq.m. as at 31 December 2021, which was resulted from both our steady cooperation with CIFI Group and 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 year:

	For the year ended 31 December			
	2021		2020	
	RMB'000	%	RMB'000	%
CIFI Group <sup>(1)</sup>	<b>1,044,773</b>	<b>39.4</b>	650,181	37.0
Third-party property developers <sup>(2)</sup>	<b>1,609,652</b>	<b>60.6</b>	1,107,117	63.0
Total revenue	<b><u>2,654,425</u></b>	<b><u>100.0</u></b>	<b><u>1,757,298</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.

The Group was committed to optimize the business structure. During the year, the revenue from value-added services continued to record an upward trend and the percentage maintained stable.

The revenue from community value-added services increased by approximately 39.2% from approximately RMB789.9 million for 2020 to approximately RMB1,099.5 million for 2021. The increase in revenue from community value-added services was mainly due to the increase of our management area, the growth in the customer base we served, as well as our further development in the provision of specialized value-added services such as decoration services and property agency services to meet diversified customer needs.

The revenue from value-added services to non-property owners increased by approximately 51.7% from approximately RMB571.7 million for 2020 to approximately RMB867.4 million for 2021. Such increase was mainly driven by the increase in the number of projects and property developers we served. During the year, we further strengthened our cooperation relationship with partner property developers, and provided them with professional and quality services.

In 2021, the Group acquired Meizhong Environment, a reputable environmental sanitation service provider, which means that we have officially stepped into the city services business in the PRC. During the year, the revenue generated from city services was approximately RMB80.6 million.

### **Cost of Services**

Cost of services increased by approximately 59.0% from approximately RMB2,140.1 million for 2020 to approximately RMB3,403.0 million for 2021, primarily due to the increase of various kinds of costs as a result of the scale-up of our business. The rate of increase in cost of services was higher than that in our revenue, principally because of the withdrawal of the national social security reduction policy. 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 increased by approximately 32.7% from approximately RMB979.5 million for 2020 to approximately RMB1,299.9 million for 2021.

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

	For the year ended	
	31 December	
	2021	2020
Property management services	23.1%	25.4%
Community value-added services	44.9%	49.6%
Value-added services to non-property owners	20.9%	24.6%
City services	15.5%	—
<b>Overall</b>	<b>27.6%</b>	<b>31.4%</b>

In 2021, the gross profit margin of the Group was 27.6%, representing a decrease of 3.8 percentage points as compared with that of 31.4% for 2020, which was primarily due to the decrease in gross profit margin of our property management services, community value-added services and value-added services to non-property owners, as well as the introduction of city services which has a relatively lower gross profit margin.

The gross profit margin of property management services was 23.1%, representing a decrease as compared with that of 25.4% for 2020. The decrease was primarily due to the withdrawal of the national social security reduction policy put in place initially by the government in 2020 to mitigate the impact of the COVID-19 on enterprises, which was helpful in relieving our burden then. Along with the expansion of our property management scale, the Group is also devoted to promote the construction of intelligent community and standardization of management system to provide property owners with a better experience.

The gross profit margin of community value-added services was 44.9%, decreased from 49.6% for 2020, which was mainly due to the development of the new community maintenance and repairing business as well as the home decoration business, which were at the growth stage and thereby had a relatively lower gross profit margin and suffered relatively higher expenditures.

The gross profit margin of value-added services to non-property owners was 20.9%, representing a decrease from 24.6% for 2020, which was mainly due to the increase in the proportion of revenue from additional tailored services and housing repair services which has a relatively lower gross profit margin.

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

In 2021, the Group's other income and other gains and losses recorded a net gain of approximately RMB122.2 million, while that was a net losses of approximately RMB10.3 million for 2020. This was primarily due to an increase in bank interest income and gain from fair value changes of financial assets at fair value through profit and loss, and a decrease in foreign exchange loss which was caused by the depreciation of the Hong Kong dollar against the Renminbi.

### **Administrative and selling expenses**

In 2021, the Group's total administrative and selling expenses amounted to approximately RMB464.9 million, representing an increase of approximately 39.8% from approximately RMB332.7 million for 2020, which was mainly due to the increase of personnel investment caused by the increase in the headcount of administrative and selling staff and the increase of other expenses caused by the growth of our business volume. The Group attached great importance to improving management efficiency. During the year, 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 2021, the Group recorded other expenses of approximately RMB22,000, representing a decrease from approximately RMB4.8 million for 2020. Such decrease was mainly due to the over-accrual of provisions for contingent liability in 2020.

## **Profit before taxation**

During the year ended 31 December 2021, the profit before income tax was approximately RMB891.4 million, representing an increase of approximately 49.0%, as compared with approximately RMB598.1 million for 2020.

## **Income tax expense**

During the year ended 31 December 2021, the Group's income tax was approximately RMB198.9 million, representing 22.3% of the profit before income tax expense, compared with approximately RMB155.5 million, representing 26.0% of the profit before income tax expense in 2020. The lower income tax rate during the year was due to the increase in number of Company's subsidiaries with preferential tax rate of 15%.

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

The profit attributable to owners of the Company for 2021 was approximately RMB617.0 million, representing an increase of approximately 58.0%, as compared with approximately RMB390.4 million for 2020.

## **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 2021, the Group's property, plant and equipment amounted to approximately RMB112.3 million, representing an increase from approximately RMB86.2 million as at 31 December 2020, which was mainly due to the increase of transportation equipment as a result of acquisition of Meizhong Environment.

## **Investment properties**

Our investment properties mainly comprised parking spaces and storage rooms at the properties we owned. As at 31 December 2021, the Group's investment properties amounted to approximately RMB59.0 million, representing a slight increase from approximately RMB55.1 million as at 31 December 2020.

## **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 2021, the Group's intangible assets amounted to approximately RMB371.7 million, representing an increase from approximately RMB91.0 million as at 31 December 2020, which was mainly caused by the property management contracts and customer relationship arising from the acquisitions completed by the Group during the year, 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 2021, the Group's goodwill amounted to approximately RMB1,343.7 million, representing an increase from approximately RMB471.0 million as at 31 December 2020. This increase in goodwill was mainly resulted from the acquisition of subsidiaries from third parties during the year.

## **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 2021, trade and bills receivables of the Group amounted to approximately RMB788.3 million, representing an increase from approximately RMB458.6 million as at 31 December 2020, 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 and bidding deposits. As at 31 December 2021, our prepayments and other receivables amounted to approximately RMB536.1 million, representing an increase from approximately RMB264.7 million as at 31 December 2020, which was mainly due to the growth of our business.

### **Bank balance, deposits and cash**

As at 31 December 2021, the Group's bank balances, deposits and cash were approximately RMB3,985.0 million, representing an increase from approximately RMB3,170.6 million as at 31 December 2020. This increase was mainly attributable to the net proceeds from the subscription of 83,520,000 new shares of the Company (the “**Shares**”) on 1 November 2021, details of which were disclosed in the Company's announcements dated 24 October 2021 and 1 November 2021.

### **Trade payables**

As at 31 December 2021, trade payables of the Group amounted to approximately RMB586.4 million, representing an increase from approximately RMB362.8 million as at 31 December 2020, 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, and the development of our new community construction and decoration business.

### **Accruals and other payables**

As at 31 December 2021, our accruals and other payables was approximately RMB1,106.3 million, representing an increase from approximately RMB693.3 million as at 31 December 2020, 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 2021, our contract liabilities amounted to approximately RMB597.3 million, representing an increase of 54.0% from approximately RMB387.8 million as at 31 December 2020, which was primarily due to the increase in our GFA under management and our customer base during the year.

## **Cash flows**

During the year ended 31 December 2021, net cash inflow from operating activities of the Group amounted to approximately RMB837.0 million, representing an increase from approximately RMB709.1 million for 2020, which was mainly attributable to the increase of our operating profit.

During the year ended 31 December 2021, net cash outflow from investing activities amounted to RMB917.0 million, representing an increase from approximately RMB12.8 million for 2020, which was mainly due to the increase in consideration payment for acquisitions.

Net cash inflow from financing activities amounted to approximately RMB908.1 million for 2021, representing a decrease from approximately RMB1,272.3 million for 2020, which was mainly caused by the decrease in net proceeds from subscription.

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

As at 31 December 2021, the gearing ratio of the Group was 0.03% (31 December 2020: nil). 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 2021, capital expenditure of the Group amounted to approximately RMB59.6 million (2020: RMB31.3 million). The capital expenditure was mainly used to invest in information technology systems and software as well as leasehold improvements and transportation equipment for business operation.

## **Capital structure**

As at 31 December 2021, the Group's cash and bank balances were mainly held in Renminbi, and the Group's borrowings were denominated in Renminbi with fixed interest.

As at 31 December 2021, equity attributable to owners of the company amounted to approximately RMB4,443.8 million, compared to approximately RMB2,893.4 million as at 31 December 2020.

Financial position of the Group remained stable. As at 31 December 2021, the Group's net current assets was approximately RMB2,890.9 million, compared to approximately RMB2,348.1 million as at 31 December 2020.

## **Liquidity and financial resources**

During the year, the Group's principal use of cash was working capital and consideration payment for acquisition of subsidiaries, which was mainly funded from cash flow from operations, proceeds raised from the initial public offering of the Company ("IPO") and other fundraising activities conducted. 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 IPO and our other fundraising activities conducted to finance some of our capital expenditures.

As at 31 December 2021, the Group's borrowings were RMB1.4 million (31 December 2020: nil). 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 2021.

### **Pledging of assets**

As at 31 December 2021, the Group had pledged owned properties with carrying amounts of approximately RMB2.7 million (31 December 2020: nil) to secure general banking facilities granted to the Group.

### **Contingent liabilities**

As at 31 December 2021, 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 bank loans, 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 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 2021, the Group had 16,709 employees (as at 31 December 2020: 11,263 employees).

## **Use of proceed raised from IPO**

On 17 December 2018, our issued Shares were successfully listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Our IPO was well received by investors in both the international offering and the Hong Kong public offering. The Company raised net proceeds of (i) approximately HK\$619.8 million from the IPO, and (ii) approximately HK\$63.2 million from partial exercise of an over-allotment option on 4 January 2019 (collectively, the “**Net Proceeds**”).

As stated in the prospectus of the Company dated 4 December 2018 (the “**Prospectus**”), we intended to use (i) approximately 55%, or approximately HK\$375.6 million for strategic acquisition and investment; (ii) approximately 26%, or approximately HK\$177.6 million for building up a smart community and using the most updated internet and information technologies which would improve service quality for our customers; (iii) approximately 9%, or approximately HK\$61.5 million for the development of a one-stop service community platform and our “Joy Life” online service platform; and (iv) approximately 10%, or approximately HK\$68.3 million as for our general corporate purposes and working capital.

Further, as stated in the announcement of the Company dated 18 June 2019, the Board resolved to change the proposed use of the Net Proceeds. The unutilised Net Proceeds originally allocated for (i) acquiring property management services providers that provide community products and services complementary to our own, and (ii) for investing in property management industry funds jointly with business parties will be used for acquiring or investment in quality property management service providers that operate on a regional scale. For further details of the change in the proposed use of the Net Proceeds, please refer to the announcement of the Company dated 18 June 2019.

As at 31 December 2021, our planned use and actual use of the Net Proceeds was as follows:

	Percentage of Net Proceeds	Available to utilise <i>(HK\$ million)</i>	Net Proceeds			Expected timeline for the unutilised Net Proceeds
			Utilised during 2021 <i>(HK\$ million)</i>	Utilised (up to 31 December 2021) <i>(HK\$ million)</i>	Unutilised (as at 31 December 2021) <i>(HK\$ million)</i>	
To pursue strategic acquisition and investment opportunities	55%	375.6	160.2	375.6	—	N/A
To leverage the most updated internet and information technologies and build a smart community	26%	177.6	60.9	79.3	98.3	By 31 December 2023
To develop a one-stop service community platform and our “Joy Life” (悦生活) online service platform	9%	61.5	3.8	7.8	53.7	By 31 December 2022
For general corporate purposes and working capital	10%	68.3	—	68.3	—	N/A
	<u>100%</u>	<u>683.0</u>	<u>224.9</u>	<u>531.0</u>	<u>152.0</u>	

The remaining Net Proceeds which had not been utilized were deposited with licensed financial institution in Hong Kong and mainland China. The Company will continue to evaluate and adopt a prudent and flexible approach for utilising the net proceeds effectively and efficiently for the long-term benefit and development of the Group. The expected timeline for the unutilised Net Proceeds is based on the Directors' best estimation barring unforeseen circumstances, and would be subject to change based on the future development of the Group's business and the market conditions.

### **2020 Placing and 2020 Subscription**

On 4 June 2020, the Company, Elite Force Development Limited and three placing agents entered into a placing and subscription agreement (the “**2020 Placing and Subscription Agreement**”), pursuant to which, (a) Elite Force Development Limited has agreed to appoint these placing agents, and these placing agents have agreed to act as agents of Elite Force Development Limited on a several basis to procure purchasers, on a best effort basis, to purchase a total of 134,000,000 existing Shares at the placing price of HK\$11.78 per Share (the “**2020 Placing Price**”) (the “**2020 Placing**”); and (b) Elite Force Development Limited has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to Elite Force Development Limited, a total of 134,000,000 new Shares at the subscription price of HK\$11.78 per Share (being the same as the 2020 Placing Price) (the “**2020 Subscription**”).

The 2020 Placing Price was HK\$11.78 per Share and represented (i) a discount of approximately 6.95% to the closing price of HK\$12.66 per Share as quoted on the Stock Exchange on 3 June 2020, being the last trading day prior to the signing of the 2020 Placing and Subscription Agreement (the “**2020 Last Trading Date**”); (ii) a discount of approximately 3.63% to the average closing price of HK\$12.22 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the 2020 Last Trading Day; and (iii) a discount of approximately 0.61% to the average closing price of HK\$11.85 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days prior to and including the 2020 Last Trading Day.

Completion of the 2020 Placing and the 2020 Subscription took place on 8 June 2020 and 16 June 2020, respectively. A total of 134,000,000 existing Shares have been successfully placed at the 2020 Placing Price of HK\$11.78 per Share to no less than six (6) independent places, and a total of 134,000,000 new Shares (equal to the number of the existing Shares successfully placed under the 2020 Placing) were subscribed by Elite Force Development Limited at the subscription price of HK\$11.78 per Share.

The Company received net proceeds from the 2020 Subscription (after deducting all relevant fees, costs and expenses to be borne or incurred by the Company) of approximately HK\$1,564,476,000 and intended to use the net proceeds from the 2020 Subscription for possible business development or investments in the future when opportunities arise and as working capital and general corporate purposes. Details of the planned use and actual use of net proceeds from the 2020 Subscription was as follows:

Net proceeds from the 2020 Subscription					
			Utilised	Unutilised	
	Percentage of	Available to	(up to	(as at	Expected timeline
	net proceeds	utilise	31 December	31 December	for the unutilised
		(HK\$ million)	2021)	2021)	net proceeds
			(HK\$ million)	(HK\$ million)	
Strategic acquisition and investment opportunities	80%	1,251.6	1,102.4	149.2	By 31 December 2023
Information technology related development	5%	78.2	—	78.2	By 31 December 2025
Working capital and general corporate purposes	15%	234.7	234.7	—	N/A
	<u>100%</u>	<u>1,564.5</u>	<u>1,337.1</u>	<u>227.4</u>	

## **2021 Placing and 2021 Subscription**

On 23 October 2021, the Company, Elite Force Development Limited and two placing agents entered into a placing and subscription agreement (the “**2021 Placing and Subscription Agreement**”), pursuant to which, (a) Elite Force Development Limited has agreed to appoint these placing agents, and these placing agents have agreed to act as agents of Elite Force Development Limited on a several (but not joint nor joint and several) basis to procure purchasers, on a best effort basis, to purchase a total of 83,520,000 existing Shares at the placing price of HK\$15.76 per share (the “**2021 Placing Price**”) (the “**2021 Placing**”); and (b) Elite Force Development Limited has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to Elite Force Development Limited, a total of 83,520,000 new Shares at the subscription price of HK\$15.76 per share (being the same as the 2021 Placing Price) (the “**2021 Subscription**”).

The 2021 Placing Price was HK\$15.76 per Share and represented (i) a discount of approximately 8.80% to the closing price of HK\$17.28 per Share as quoted on the Stock Exchange on 22 October 2021, being the last trading day prior to the signing of the 2021 Placing and Subscription Agreement (the “**2021 Last Trading Date**”); (ii) a discount of approximately 4.67% to the average closing price of HK\$16.53 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the 2021 Last Trading Day; and (iii) a discount of approximately 2.60% to the average closing price of HK\$16.18 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days prior to and including the 2021 Last Trading Day.

Completion of the 2021 Placing and the 2021 Subscription took place on 27 October 2021 and 1 November 2021, respectively. A total of 83,520,000 existing Shares have been successfully placed at the 2021 Placing Price of HK\$15.76 per Share to no less than six (6) independent places, and a total of 83,520,000 new Shares (equal to the number of the existing Shares successfully placed under the 2021 Placing) were subscribed by Elite Force Development Limited at the subscription price of HK\$15.76 per Share.

The Company received net proceeds from the 2021 Subscription (after deducting all relevant fees, costs and expenses to be borne or incurred by the Company) of approximately HK\$1,304,000,000 and intended to use the net proceeds from the 2021 Subscription for possible business development or investments in the future when opportunities arise and as working capital and general corporate purposes. Details of the planned use and actual use of net proceeds from the 2021 Subscription was as follows:

	Net proceeds from the 2021 Subscription				Expected timeline for the unutilised net proceeds
	Percentage of net proceeds	Available to utilise (HK\$ million)	Utilised (up to 31 December 2021) (HK\$ million)	Unutilised (as at 31 December 2021) (HK\$ million)	
Strategic acquisition and investment opportunities	65%	847.6	—	847.6	By 31 December 2025
Working capital and general corporate purposes	35%	456.4	—	456.4	By 31 December 2025
	<u>100%</u>	<u>1,304.0</u>	<u>—</u>	<u>1,304.0</u>	

## FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK\$0.1299 per ordinary share of the Company for the year ended 31 December 2021. The final dividend is subject to the approval of the shareholders of the Company (the “Shareholders”) at the forthcoming annual general meeting of the Company to be convened and held on 7 June 2022 (the “AGM”) and, subject to the approval by the Shareholders at the AGM, is expected to be paid on 21 June 2022 to the Shareholders whose names appear on the register of members of the Company after the close of business on 15 June 2022.

## **CHANGE OF COMPANY NAME**

During the year, the English name of the Company has been changed from “Ever Sunshine Lifestyle Services Group Limited” to “CIFI Ever Sunshine Services Group Limited” and the dual foreign name in Chinese of the Company has been changed from “永升生活服务集团有限公司” to “旭辉永升服务集团有限公司”.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) during the financial year ended 31 December 2021.

## **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 2021.

## 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. The primary duties of the Audit Committee include examining independently the financial positions of the Company, overseeing the Company's financial reporting system, risk management and internal control system, the audit process and proposals of internal management, communicating independently with, monitoring and verifying the work of internal audit and external auditors. During the year ended 31 December 2021, the Audit Committee held two meetings to review annual financial results and report for the year ended 31 December 2020 and interim financial results and report for the six months ended 30 June 2021 and to review significant issues on the financial reporting and compliance procedures, internal control and the independence, scope of work and appointment of external auditor. The Audit Committee reviewed the financial reporting system, compliance procedures, internal control (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function), risk management systems and processes and the reappointment of the external auditor and fulfilled duties as required aforesaid. The Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of external auditor. They also reviewed final results of the Company and its subsidiaries for the year ended 31 December 2021 as well as the audit report prepared by the external auditor relating to accounting issues and major findings in the course of audit. There are proper arrangements for employees, in confidence, to raise concerns about possible improprieties in financial reporting, internal control and other matters. The written terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.



## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2021. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Messrs. Deloitte Touche Tohmatsu on this announcement.

## **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 "**Buy-back Mandate**"). During the year ended 31 December 2021, pursuant to the Buy-back Mandate, the Company bought back an aggregate of 558,000 of its Shares on the Stock Exchange at a total consideration of approximately HK\$6,951,366, 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
		Highest price paid	Lowest price paid	consideration paid for the buy-back
		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
16 September 2021	148,000	13.30	13.06	1,949,086
17 December 2021	2,000	12.34	12.34	24,680
20 December 2021	408,000	12.20	12.20	4,977,600
<b>Total</b>	<b>558,000</b>			<b>6,951,366</b>

The Shares bought back by the Company during the year ended 31 December 2021 were not cancelled as at 31 December 2021 but were subsequently cancelled on 3 March 2022.

## ANNUAL GENERAL MEETING

The AGM will be convened and held on 7 June 2022, the notice of which will be published and dispatched to the Shareholders as soon as practicable in accordance with the Company's Articles of Association and the Listing Rules.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

- (i) from 1 June 2022 to 7 June 2022, both days inclusive and during which period no transfer of the Shares will be effected, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 pm on 31 May 2022; and

(ii) from 13 June 2022 to 15 June 2022, both days inclusive and during which period no transfer of the Shares will be effected, for the purpose of ascertaining Shareholders' entitlement to the proposed final dividend. In order to establish entitlements to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 pm on 10 June 2022.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

The annual report of the Company for the year ended 31 December 2021, containing all the information required under the Listing Rules, will be dispatched to the Shareholders and published on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.cifies.com](http://www.cifies.com) in due course. This announcement can also be accessed on these websites.

## **APPRECIATION**

On behalf of the Board, I would like to extend our sincere thanks to our customers, suppliers and Shareholders for their continuous support to the Group. I would also extend my gratitude and appreciation to all management and staff for their hard work and dedication throughout the year.

By order of the Board

**CIFI Ever Sunshine Services Group Limited**

**Lin Zhong**

*Chairman*

Hong Kong, 22 March 2022

*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*