

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**Suxin Joyful Life Services Co., Ltd.**

**蘇新美好生活服務股份有限公司**

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 2152)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**FINANCIAL SUMMARY**

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Revenue	<b>521,965</b>	461,981
Gross profit	<b>121,347</b>	106,225
Gross profit margin	<b>23.2%</b>	23.0%
Profit for the year	<b>65,722</b>	56,517
Net profit margin	<b>12.6%</b>	12.2%
Profit attributable to owners of the Company	<b>64,763</b>	55,465
Basic earnings per share (RMB per share)	<b>0.77</b>	0.74

- For the year ended 31 December 2022, the total revenue of the Group was approximately RMB522.0 million, representing an increase of approximately 13.0% from approximately RMB462.0 million for the same period in 2021.
- For the year ended 31 December 2022, the gross profit of the Group was approximately RMB121.3 million, representing an increase of approximately 14.2% from approximately RMB106.2 million for the same period in 2021. The Group's gross profit margin was 23.2%, representing an increase of 0.2 percentage points from the same period in 2021.
- For the year ended 31 December 2022, the profit of the Group was approximately RMB65.7 million, representing an increase of approximately 16.3% from approximately RMB56.5 million for the same period in 2021.
- As of 31 December 2022, the Group had a total contracted GFA of approximately 9.1 million sq.m., representing an increase of approximately 1.2 million sq.m. compared with 31 December 2021.
- The Board has resolved to recommend the distribution of a final dividend in cash of RMB0.17 per share of the Company (tax inclusive) for the year ended 31 December 2022.

## ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Suxin Joyful Life Services Co., Ltd. (the “**Company**”) hereby announces the consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2022, together with comparative figures for the year ended 31 December 2021.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	For the year ended	
		31 December	
		2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>
<b>REVENUE</b>	5	<b>521,965</b>	461,981
Cost of sales		<u>(400,618)</u>	<u>(355,756)</u>
Gross profit		<u><b>121,347</b></u>	<u>106,225</u>
Other income and gains	5	<b>17,753</b>	9,681
Selling and marketing expenses		<b>(2,981)</b>	(2,762)
Administrative expenses		<b>(33,115)</b>	(29,001)
Other expenses		<b>(1,125)</b>	(714)
Finance costs		<b>(11,343)</b>	(3,867)
Share of loss of an associate		<u><b>(2,013)</b></u>	<u>(3,009)</u>
<b>PROFIT BEFORE TAX</b>	6	<b>88,523</b>	76,553
Income tax expense	7	<u><b>(22,801)</b></u>	<u>(20,036)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>65,722</b></u>	<u>56,517</u>
Profit attributable to:			
Owners of the parent		<b>64,763</b>	55,465
Non-controlling interests		<u><b>959</b></u>	<u>1,052</u>
		<u><b>65,722</b></u>	<u>56,517</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	9		
Basic and diluted ( <i>RMB</i> )		<u><b>0.77</b></u>	<u>0.74</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>OTHER COMPREHENSIVE LOSS</b>		
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	(21,767)	(2,367)
Income tax effect	<u>5,442</u>	<u>592</u>
	<u>(16,325)</u>	<u>(1,775)</u>
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX</b>	<u>(16,325)</u>	<u>(1,775)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u><u>49,397</u></u>	<u><u>54,742</u></u>
Total comprehensive income attributable to:		
Owners of the parent	48,438	53,690
Non-controlling interests	<u>959</u>	<u>1,052</u>
	<u><u>49,397</u></u>	<u><u>54,742</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	<i>Notes</i>	<b>2022</b>	2021
		<b>RMB'000</b>	<b>RMB'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	409,570	359,815
Investment properties		352,981	349,930
Other intangible assets		694	344
Investment in an associate		4,778	6,791
Equity investments designated at fair value through other comprehensive income		70,673	92,440
Right-of-use assets		10,026	10,258
Time deposits		1,937	–
Deferred tax assets		5,622	5,359
		<hr/>	<hr/>
Total non-current assets		856,281	824,937
<b>CURRENT ASSETS</b>			
Inventories		111	177
Trade receivables	11	176,503	101,222
Prepayments, other receivables and other assets		32,589	51,115
Due from related parties	15	19,008	35,123
Restricted cash		845	442
Cash and cash equivalents		350,909	302,644
		<hr/>	<hr/>
Total current assets		579,965	490,723
<b>CURRENT LIABILITIES</b>			
Trade payables	12	211,820	192,532
Other payables and accruals		95,169	103,106
Interest-bearing bank loans		11,250	11,250
Due to related parties	15	10,394	65,675
Tax payable		3,449	2,666
Contract liabilities		39,828	75,019
		<hr/>	<hr/>
Total current liabilities		371,910	450,248
<b>NET CURRENT ASSETS</b>			
		<hr/>	<hr/>
		208,055	40,475
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<hr/>	<hr/>
		1,064,336	865,412

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		As at 31 December	
		2022	2021
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank loans		<b>111,250</b>	122,500
Deferred tax liabilities		<b>18,434</b>	21,311
Other liabilities		<b>170,974</b>	168,074
		<hr/>	<hr/>
Total non-current liabilities		<b>300,658</b>	311,885
		<hr/>	<hr/>
Net assets		<b>763,678</b>	553,527
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
Share capital	<i>13</i>	<b>101,047</b>	75,000
Reserves		<b>655,907</b>	474,152
		<hr/>	<hr/>
Equity attributable to owners of the parent		<b>756,954</b>	549,152
		<hr/>	<hr/>
Non-controlling interests		<b>6,724</b>	4,375
		<hr/>	<hr/>
Total equity		<b>763,678</b>	553,527
		<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2022*

## 1 CORPORATE INFORMATION

The Company is a limited liability company established in the People's Republic of China (“**PRC**”) on 12 April 1994. The registered office of the Company is located at Suzhou Gaoxin Plaza, 28 Shishan Road, New District, Suzhou, Jiangsu Province, China. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 24 August 2022.

During the year, the Group was principally engaged in the provision of city services and property management services. The controlling shareholder of the Company is Suzhou Sugaoxin Group Co., Ltd.\* (蘇州蘇高新集團有限公司) (“**SND Company**”), a wholly state-owned company established in the PRC.

## 2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”), which comprise all standards and interpretations approved by the International Accounting Standards Board (“**IASB**”), and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention, except for investment properties and equity investments designated at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

### 3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRS Standards 2018–2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The nature and the impact of the revised IFRSs that are applicable to the Group are described below:

- (a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting* (the “**Conceptual Framework**”) issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.



- (b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to IFRS Standards 2018–2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

*IFRS 9 Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

#### 4 OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes commercial property management services, residential property management services, city services and rental income for the purpose of making decisions about resource allocation and performance assessment. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated. Therefore, no discrete operating segment information is available. Accordingly, no further operating segment information is presented.

##### Geographical information

During the year, the Group operated within one geographical location because all of its revenue was generated in Mainland China and all of its non-current assets/capital expenditure were located/incurred in Mainland China. Accordingly, no further geographical information is presented.

##### Information about major customers

For the year ended 31 December 2022, revenue of approximately RMB116,638,000 (2021: RMB25,732,000) was derived from the provision of city services, rental income and the provision of commercial property management services to a single customer. Except for the above, no revenue from other customers accounted for more than 10% of the total revenue of the Group.

#### 5 REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the year ended	
	31 December	
	2022	2021
	RMB'000	RMB'000
<i>Revenue from contracts with customers</i>		
Commercial property management services	184,562	204,378
Residential property management services	65,622	60,550
City services	248,158	169,353
	<u>498,342</u>	<u>434,281</u>
<i>Revenue from other sources</i>		
Rental income	23,623	27,700
<b>Total</b>	<u><b>521,965</b></u>	<u><b>461,981</b></u>

## Revenue from contracts with customers

### (a) Disaggregated revenue information

	Commercial property management services <i>RMB'000</i>	Residential property management services <i>RMB'000</i>	City services <i>RMB'000</i>	Total <i>RMB'000</i>
<b>For the year ended 31 December 2022</b>				
Rendering of services	<u>184,562</u>	<u>65,622</u>	<u>248,158</u>	<u>498,342</u>
<b>Geographical market</b>				
Mainland China	<u>184,562</u>	<u>65,622</u>	<u>248,158</u>	<u>498,342</u>
<b>Timing of revenue recognition</b>				
Services transferred over time	<u>179,853</u>	<u>60,338</u>	<u>248,158</u>	<u>488,349</u>
Services transferred at a point in time	<u>4,709</u>	<u>5,284</u>	<u>–</u>	<u>9,993</u>
Total revenue from contracts with customers	<u>184,562</u>	<u>65,622</u>	<u>248,158</u>	<u>498,342</u>
	Commercial property management services <i>RMB'000</i>	Residential property management services <i>RMB'000</i>	City services <i>RMB'000</i>	Total <i>RMB'000</i>
<b>For the year ended 31 December 2021</b>				
Rendering of services	<u>204,378</u>	<u>60,550</u>	<u>169,353</u>	<u>434,281</u>
<b>Geographical market</b>				
Mainland China	<u>204,378</u>	<u>60,550</u>	<u>169,353</u>	<u>434,281</u>
<b>Timing of revenue recognition</b>				
Services transferred over time	<u>195,858</u>	<u>59,365</u>	<u>169,353</u>	<u>424,576</u>
Services transferred at a point in time	<u>8,520</u>	<u>1,185</u>	<u>–</u>	<u>9,705</u>
Total revenue from contracts with customers	<u>204,378</u>	<u>60,550</u>	<u>169,353</u>	<u>434,281</u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Revenue recognised that was included in contract liabilities at beginning of the reporting period:		
Rendering of services	<b><u>75,019</u></b>	<u>40,591</u>

**(b) Performance obligations**

For commercial property management services, residential property management services and city services, the Group recognises revenue in the amount that equals to the right to invoice which correspond directly with the value to the customer of the Group's performance to date, on a regular basis. The Group has elected the practical expedient for not to disclose the transaction price allocated to the remaining performance obligation for these types of contracts.

An analysis of other income and gains is as follows:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Other income</b>		
Interest income	<b>2,747</b>	1,485
Government grants*	<b>5,335</b>	2,878
Foreign exchange differences, net	<b>4,986</b>	–
Others	<b><u>1,634</u></b>	<u>755</u>
	<b><u>14,702</u></b>	<u>5,118</u>
<b>Gains</b>		
Fair value gains on investment properties	<b><u>3,051</u></b>	<u>4,563</u>
Other income and gains	<b><u>17,753</u></b>	<u>9,681</u>

\* The amount represents subsidies received from local government authorities in connection with certain financial support to local business enterprises. These government subsidies mainly comprised subsidies for listing incentives, subsidies for employment promotion and other miscellaneous subsidies and incentives for various purposes. There are no unfulfilled conditions relating to such government subsidies recognized.

## 6 PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		For the year ended 31 December	
		2022	2021
	Notes	RMB'000	RMB'000
Cost of services provided		400,618	355,756
Depreciation of property, plant and equipment	10	19,648	12,573
Depreciation of right-of-use assets		232	432
Lease payments not included in the measurement of lease liabilities		1,033	39
Loss on disposal of items of property, plant and equipment		935	28
Auditor's remuneration		2,000	505
Interest income		(2,747)	(1,485)
Employee benefit expenses (excluding directors' and chief executive's remuneration)*:			
Wages, salaries and other allowances		119,672	114,172
Pension scheme contributions and social welfare		29,321	28,261
		<u>148,993</u>	<u>142,433</u>
Reversal of allowance of trade receivables	11	(1,793)	(1,422)
Changes in fair value of investment properties		<u>(3,051)</u>	<u>(4,563)</u>

\* An amount of RMB129,538,000 of employee benefit expenses was included in cost of services during the year ended 31 December 2022 (31 December 2021: RMB124,173,000).

## 7 INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

### Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% on the taxable income.

	For the year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Current — Mainland China:		
Charge for the year	20,499	17,879
Deferred tax	2,302	2,157
	<u>22,801</u>	<u>20,036</u>

A reconciliation of the tax expense applicable to profit before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	<i>RMB'000</i>
Profit before tax	<u><b>88,523</b></u>	<u>76,553</u>
Tax at the statutory tax rate	<b>22,131</b>	19,138
Expenses not deductible for tax	<b>94</b>	74
Tax losses not recognised	<b>73</b>	72
Losses attributable to an associate	<u><b>503</b></u>	<u>752</u>
Tax charge at the Group's effective tax rate	<u><b>22,801</b></u>	<u>20,036</u>

## **8 DIVIDEND**

	<b>2022</b>	2021
	<b>RMB'000</b>	<i>RMB'000</i>
Proposed final — RMB0.17 (2021: Nil) per ordinary share	<u><b>17,440</b></u>	<u>–</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

## **9 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT**

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 84,131,000 (2021: 75,000,000) in issue during the year.

The Group had no potentially diluted ordinary shares in issue during the years ended 31 December 2022 and 2021.

The calculation of basic and diluted earnings per share is based on:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	<i>RMB'000</i>
Earnings:		
Profit for the period attributable to owners of the parent, used in the basic and diluted earnings per share calculation	<u><b>64,763</b></u>	<u>55,465</u>

**For the year ended**  
**31 December**  
**2022**                      2021  
*Number of*                      *Number of*  
*share '000*                      *share '000*

Shares:

Weighted average number of ordinary shares in issue during year,  
used in the basic and diluted earnings per share calculation

**84,131**                      **75,000**

## 10 PROPERTY, PLANT AND EQUIPMENT

	<b>Buildings</b> <i>RMB'000</i>	<b>Vehicles</b> <i>RMB'000</i>	<b>Machinery</b> <b>and others</b> <i>RMB'000</i>	<b>Construction</b> <b>in progress</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>31 December 2022</b>					
At 1 January 2022					
Cost	225,137	44,014	99,983	33,017	402,151
Accumulated depreciation	<u>(6,777)</u>	<u>(24,355)</u>	<u>(11,204)</u>	–	<u>(42,336)</u>
Net carrying amount	<u>218,360</u>	<u>19,659</u>	<u>88,779</u>	<u>33,017</u>	<u>359,815</u>
At 1 January 2022, net of accumulated depreciation	218,360	19,659	88,779	33,017	359,815
Additions	–	5,864	432	64,126	70,422
Transfers of property, plant and equipment	64,999	–	32,144	(97,143)	–
Disposals	–	(621)	(398)	–	(1,019)
Depreciation provided during the year ( <i>note 6</i> )	<u>(5,585)</u>	<u>(4,824)</u>	<u>(9,239)</u>	–	<u>(19,648)</u>
At 31 December 2022, net of accumulated depreciation	<u>277,774</u>	<u>20,078</u>	<u>111,718</u>	<u>–</u>	<u>409,570</u>
At 31 December 2022					
Cost	290,136	49,257	132,161	–	471,554
Accumulated depreciation	<u>(12,362)</u>	<u>(29,179)</u>	<u>(20,443)</u>	–	<u>(61,984)</u>
Net carrying amount	<u>277,774</u>	<u>20,078</u>	<u>111,718</u>	<u>–</u>	<u>409,570</u>

	Buildings RMB'000	Vehicles RMB'000	Machinery and others RMB'000	Construction in progress RMB'000	Total RMB'000
<b>31 December 2021</b>					
At 1 January 2021					
Cost	120,068	38,680	37,353	133,059	329,160
Accumulated depreciation	(3,003)	(20,362)	(7,021)	–	(30,386)
Net carrying amount	<u>117,065</u>	<u>18,318</u>	<u>30,332</u>	<u>133,059</u>	<u>298,774</u>
At 1 January 2021, net of accumulated depreciation					
Additions	–	21	372	73,287	73,680
Transfers of property, plant and equipment	105,069	5,607	62,653	(173,329)	–
Disposals	–	(43)	(23)	–	(66)
Depreciation provided during the year (note 6)	(3,774)	(4,244)	(4,555)	–	(12,573)
At 31 December 2021, net of accumulated depreciation	<u>218,360</u>	<u>19,659</u>	<u>88,779</u>	<u>33,017</u>	<u>359,815</u>
At 31 December 2021					
Cost	225,137	44,014	99,983	33,017	402,151
Accumulated depreciation	(6,777)	(24,355)	(11,204)	–	(42,336)
Net carrying amount	<u>218,360</u>	<u>19,659</u>	<u>88,779</u>	<u>33,017</u>	<u>359,815</u>

Certain of the Company's buildings with net carrying amounts of approximately RMB37,152,000 as at 31 December 2022 (2021: RMB38,591,000) were pledged to secure certain bank loans granted to a subsidiary of the Company.

## 11 TRADE RECEIVABLES

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Trade receivables	193,484	119,996
Impairment	(16,981)	(18,774)
	<u>176,503</u>	<u>101,222</u>

Trade receivables mainly arise from the provision of city services and property management services. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management and credit limits attributed to customers are reviewed once a month. Trade receivables are non-interest-bearing.



An ageing analysis of the trade receivables of the Group as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 1 year	<b>162,889</b>	67,100
1 to 2 years	<b>12,858</b>	32,853
2 to 3 years	<b>756</b>	1,269
	<b><u>176,503</u></b>	<u>101,222</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
At beginning of year	<b>(18,774)</b>	(20,196)
Reversal of allowance of trade receivables for the year	<b><u>1,793</u></b>	<u>1,422</u>
At end of year	<b><u>(16,981)</u></b>	<u>(18,774)</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

**As at 31 December 2022**

	<b>Current to one year</b>	<b>1 to 2 years</b>	<b>2 to 3 years</b>	<b>Over 3 years</b>	<b>Total</b>
Expected credit loss rate	<b>4.43%</b>	<b>16.46%</b>	<b>72.41%</b>	<b>100.00%</b>	<b>8.78%</b>
Gross carrying amount ( <i>RMB'000</i> )	<b>170,431</b>	<b>15,392</b>	<b>2,740</b>	<b>4,921</b>	<b>193,484</b>
Expected credit losses ( <i>RMB'000</i> )	<b>(7,542)</b>	<b>(2,534)</b>	<b>(1,984)</b>	<b>(4,921)</b>	<b>(16,981)</b>

As at 31 December 2021

	Current to one year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	7.95%	18.46%	63.37%	100.00%	15.65%
Gross carrying amount ( <i>RMB'000</i> )	72,898	40,289	3,464	3,345	119,996
Expected credit losses ( <i>RMB'000</i> )	(5,798)	(7,436)	(2,195)	(3,345)	(18,774)

## 12 TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Within 1 year	194,586	176,190
1 to 2 years	10,699	12,606
2 to 3 years	4,482	2,133
Over 3 years	2,053	1,603
	<u>211,820</u>	<u>192,532</u>

Trade payables are non-interest-bearing and are normally settled on 180-day terms.

## 13 SHARE CAPITAL

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Share capital	<u>101,047</u>	<u>75,000</u>

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2021	—	—
Transformation into a joint stock company	(i)	
— Conversion into share capital	43,662,000	43,662
— Capitalisation of retained profits and statutory surplus reserve	31,338,000	31,338
At 31 December 2021 and 1 January 2022	75,000,000	75,000
Issue of shares	(ii)	
	26,047,000	26,047
At 31 December 2022	<u>101,047,000</u>	<u>101,047</u>

Notes:

- (i) Pursuant to a shareholders' resolution of the Company in April 2021, the Company was converted into a joint stock company with 75,000,000 shares with a nominal value of RMB1 each, issued to the then shareholders of the Company in proportion to their capital contribution to the Company. The excess of the net assets converted over the nominal value of ordinary shares issued was credited to capital reserve.
- (ii) During the year ended 31 December 2022, 26,047,000 ordinary shares of the Company, with a nominal value of RMB1 each, were issued in connection with the Company's initial offering on the Hong Kong Stock Exchange.

#### 14 COMMITMENTS

- (a) The Group had the following capital commitments at the end of the reporting period:

	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Contracted, but not provided for:		
Buildings and machinery	<b>3,923</b>	72,633

#### 15 RELATED PARTY TRANSACTIONS

- (a) Name of related parties and relationship with the Group

Name	Relationship
蘇州蘇高新集團有限公司	The Controlling Shareholder of the Company
蘇州市新合盛科技小額貸款有限公司 Suzhou Xinhesheng Technology Small Loan Co., Ltd.	Company controlled by SND Company
蘇州高新創業投資集團中小企業發展管理有限公司 Suzhou Gaoxin Venture Capital Group SME Development Management Co. Ltd.	Company controlled by SND Company
蘇州高新地產集團有限公司 Suzhou High-tech Real Estate Group Co. Ltd.	Company controlled by SND Company
蘇州蘇高新數字經濟產業發展有限公司 Suzhou Sugaoxin Digital Economy Industry Development Co., Ltd.	Company controlled by SND Company
蘇州高新旅遊產業集團有限公司 Suzhou High-tech Tourism Industry Group Co. Ltd.	Company controlled by SND Company
蘇州高新區自來水有限公司 Suzhou Gaoxin Water Supply Co., Ltd.	Company controlled by SND Company
蘇州國家環保高新技術產業園發展有限公司 Suzhou National Environmental Protection High-tech Industrial Park Development Co. Ltd.	Company controlled by SND Company
蘇州醫療器械產業發展集團有限公司 Suzhou Medical Device Industry Development Group Co., Ltd.	Company controlled by SND Company

Name	Relationship
蘇州市聚創科技小額貸款有限公司 Suzhou Juchuang Technology Microfinance Co., Ltd.	Company controlled by SND Company
蘇州市聚鑫商業保理有限公司 Suzhou Juxin Commercial Factoring Co., Ltd.	Company controlled by SND Company
蘇州高新智泰創新發展有限公司 Suzhou Gaoxin Zhitai Innovation Development Co., Ltd	Company controlled by SND Company
蘇州蘇高新科技產業發展有限公司 Suzhou High-tech Industry Development Co. Ltd.	Company controlled by SND Company
蘇州蘇銅科嘉機電工程有限公司 Suzhou Sutong Kejia Electromechanical Engineering Co., Ltd.	Company controlled by SND Company
蘇州太湖金谷建設發展有限公司 Suzhou Taihu Jingu Construction Development Co. Ltd.	Company controlled by SND Company
蘇州太湖金谷酒店有限公司 Suzhou Taihu Jingu Hotel Co., Ltd.	Company controlled by SND Company
蘇州西部生態城發展有限公司 Suzhou West Eco City Development Co., Ltd.	Company controlled by SND Company
蘇州新合盛融資租賃有限公司 Suzhou Xinhesheng Financial Leasing Co., Ltd.	Company controlled by SND Company
蘇州新區創新科技投資管理有限公司 Suzhou New Area Chuangxin Technology Investment Management Co., Ltd.	Company controlled by SND Company
蘇州新區高新技術產業股份有限公司 SND Gaoxin Tech Industry Co., Ltd.	Company controlled by SND Company
蘇州永新置地有限公司 Suzhou Yongxin Land Co., Ltd.	Company controlled by SND Company
太湖金谷(蘇州)信息技術有限公司 Taihu Golden Valley Suzhou Information Technology Co., Ltd.	Company controlled by SND Company
太湖數谷(蘇州)信息科技有限公司 Taihu Digital Valley Suzhou Information Technology Co., Ltd.	Company controlled by SND Company
蘇州高新區人力資源服務產業園有限公司 Suzhou High Tech Zone Human Resources Service Industrial Park Co., Ltd.	Company controlled by SND Company
蘇高新教育產業發展(蘇州)有限公司 Suzhou Gaoxin Education Industry Development Suzhou Co., Ltd.	Company controlled by SND Company
太湖金谷(蘇州)發展有限公司 Taihu Jingu (Suzhou) Development Co., Ltd	Company controlled by SND Company
蘇州高新資產管理有限公司 Suzhou High-tech Asset Management Co., Ltd.	Company controlled by SND Company
蘇高新城建發展(蘇州)有限公司 Sugaoxin Chengjian Development (Suzhou) Co., Ltd.	Company controlled by SND Company
蘇州高新投資管理有限公司 Suzhou Gaoxin Investment Management Co., Ltd.	Company controlled by SND Company
蘇州高新物產有限公司 Suzhou Gaoxin Products Co. Ltd.	Company controlled by SND Company

Name	Relationship
蘇州太湖濕地世界旅遊發展有限公司 Suzhou Taihu Wetland World Tourism Development Co., Ltd.	Company controlled by SND Company
蘇州金合盛控股有限公司 Suzhou Jinhesheng Holding Co., Ltd.	Company controlled by SND Company
蘇州聚晟資產管理有限公司 Suzhou Jusheng Asset Management Co., Ltd.	Company controlled by SND Company
蘇州高新創業投資集團有限公司 Suzhou Gaoxin Venture Capital Group Co., Ltd.	Company controlled by SND Company
蘇州蘇高新能源服務有限公司 Suzhou High-tech Energy Service Co., Ltd.	Company controlled by SND Company
銅仁市萬山區蘇高科技產業發展有限公司 Tongren Wanshan District Su High-tech Industry Development Co., Ltd.	Company controlled by SND Company
蘇州永華房地產開發有限公司 Suzhou Yonghua Real Estate Development Co., Ltd.	Company controlled by SND Company
蘇州高新區中小企業融資擔保有限公司 Suzhou High-tech Zone SME Financing Guarantee Co. Ltd.	Company controlled by SND Company
蘇州智匯高新科技產業發展有限公司 Suzhou Zhihui High-tech Industry Development Co., Ltd.	Company controlled by SND Company
蘇州獅山廣場發展有限公司 Suzhou Shishan Plaza Development Co., Ltd.	Company controlled by SND Company
蘇州高新創業投資集團太湖金谷資本管理有限公司 Suzhou High-tech Venture Capital Group Taihu Golden Valley Capital Management Co. Ltd.	Company controlled by SND Company
蘇州蘇綉小鎮發展有限公司 Suzhou Embroidery Town Development Co., Ltd.	Company controlled by SND Company
蘇州華和創意設計有限公司 Suzhou Huahe Creative Design Co., Ltd.	Company controlled by SND Company
蘇州蘇高新商業發展有限公司 Suzhou Sugaoxin Commercial Development Co., Ltd.	Company controlled by SND Company
蘇州高新區人力資源開發有限公司 Suzhou High Tech Zone Human Resources Development Co., Ltd.	Company controlled by SND Company
蘇州新高城市發展有限公司 Suzhou Gaoxin City Development Co., Ltd.	Joint venture or associate of SND Company and its subsidiaries (“SND Group”)
蘇州新濤投資發展有限公司 Suzhou Xinxu Investment Development Co., Ltd.	Joint venture or associate of SND Group
蘇州高新福瑞融資租賃有限公司 Suzhou Gaoxin Furui Finance Leasing Co., Ltd.	Joint venture or associate of SND Group
蘇州高新供應鏈管理有限公司 Suzhou Gaoxin Supply Chain Management Co., Ltd.	Joint venture or associate of SND Group
蘇州高新金屋工程建設發展有限公司 Suzhou High-tech Golden House Engineering Construction Development Co., Ltd.	Joint venture or associate of SND Group
蘇州高新生產資料商貿發展有限公司 Suzhou High-tech Means of Production Business Development Co., Ltd.	Joint venture or associate of SND Group

Name	Relationship
蘇州新獅重建發展有限公司 Suzhou New Lion Reconstruction and Development Co., Ltd.	Joint venture or associate of SND Group
蘇州高新風投創業投資管理有限公司 Suzhou High-tech Venture Capital Management Co., Ltd.	Joint venture or associate of SND Group
蘇州高新創業投資集團融聯管理有限公司 Suzhou High-tech Venture Capital Group Ronglian Management Co., Ltd.	Joint venture or associate of SND Group
蘇州蘇高新城市更新有限公司 Suzhou Sugaoxin Urban Renewal Co., Ltd.	Joint venture or associate of SND Group
蘇州高新區振中旅遊開發有限公司 Suzhou High-tech Zone Zhenzhong Tourism Development Co. Ltd.	Joint venture or associate of SND Group
蘇州匯融商旅發展有限公司 Suzhou Huirong Business Travel Development Co., Ltd.	Joint venture or associate of SND Group
蘇州滄潤投資有限公司 Suzhou Xurun Investment Co. Ltd.	Joint venture or associate of SND Group
蘇州高新創業投資集團融晟投資管理有限公司 Suzhou High-tech Venture Capital Group Rongsheng Investment Management Co. Ltd.	Joint venture or associate of SND Group
蘇州高新明鑫創業投資管理有限公司 Suzhou Gaoxin Mingxin Venture Capital Management Co. Ltd.	Joint venture or associate of SND Group
蘇州公共科學文化發展有限公司 Suzhou Public Science and Culture Development Co. Ltd.	Joint venture or associate of SND Group
蘇州鑽石金屬粉有限公司 Suzhou Diamond Metal Powder Co. Ltd.	Joint venture or associate of SND Group
蘇州市獅山總部園發展有限公司 Suzhou Shishan Headquarters Park Development Co. Ltd.	Joint venture or associate of SND Group
蘇州新景天商務地產發展有限公司 Suzhou Xinjingtian Business Land Development Co., Ltd.	Joint venture or associate of SND Group
蘇州創新設計製造中心發展有限公司 Suzhou Innovation Design and Manufacturing Center Development Co., Ltd.	Joint venture or associate of SND Group
蘇州港陽新能源股份有限公司 Suzhou Gangyang New Energy Co., Ltd.	Joint venture or associate of SND Group
蘇州新高綠建建設發展有限公司 Suzhou new green construction development Co., Ltd.	Joint venture or associate of SND Group
蘇州融洲旅業發展有限公司匯融廣場酒店 Suzhou Rongzhou Tourism Development Co., Ltd. Huirong Plaza Hotel	Joint venture or associate of SND Group
蘇州食行生鮮電子商務有限公司 Suzhou Fresh Service E-commerce Co., Ltd.	Joint venture or associate of SND Group
蘇州新創建設發展有限公司 Suzhou Xinchuang Construction Development Co., Ltd.	Joint venture or associate of SND Group

- (b) In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the year:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	<i>RMB'000</i>
<b>Property management service and city service income:</b>		
Companies controlled by SND Company	<b>39,286</b>	30,262
Joint ventures or associates of SND Group	<b>12,022</b>	16,169
The controlling shareholder of the Company	<b>2,073</b>	2,156
	<u><b>53,381</b></u>	<u>48,587</u>
<b>Rental income:</b>		
Joint ventures or associates of SND Group	<b>826</b>	686
	<u><b>826</b></u>	<u>686</u>
<b>Lease payments:</b>		
Joint ventures or associates of SND Group	–	136
	<u>–</u>	<u>136</u>
<b>Other purchases from related companies:</b>		
Companies controlled by SND Company	<b>6,413</b>	8,118
Joint ventures or associates of SND Group	<b>131</b>	767
	<u><b>6,544</b></u>	<u>8,885</u>

(c) **Outstanding balances with related parties**

	<b>As at 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Due from related companies:</b>		
<b>Trade related</b>		
Companies controlled by SND Company	<b>11,610</b>	23,094
Joint ventures or associates of SND Group	<b>7,398</b>	12,019
The controlling shareholder of the Company	<b>–</b>	10
	<b>19,008</b>	<b>35,123</b>
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Due to related companies:</b>		
<b>Trade related</b>		
Companies controlled by SND Company	<b>8,212</b>	6,077
Joint ventures or associates of SND Group	<b>1,863</b>	2,228
The controlling shareholder of the Company	<b>319</b>	370
	<b>10,394</b>	<b>8,675</b>
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Due to related companies:</b>		
<b>Non-trade related</b>		
Joint ventures or associates of SND Group	<b>–</b>	57,000

Balances with related parties are unsecured, interest-free and have no fixed terms of repayment.

**16 EVENTS AFTER THE REPORTING PERIOD**

According to the announcement made by the company on 24 March 2023, the Company proposed to dispose of the 49% equity interest in an associate, SND Yiyang Health Management Company Limited, through public tender at the Suzhou Exchange Centre. The final consideration for the proposed disposal shall be subject to the final bid price made at the Suzhou Exchange Centre, but in any event shall not be less than RMB5,808,100.

**17 APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the board of directors on 28 March 2023.



## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

The Group is a city service and property management service provider deeply rooted in the Yangtze River Delta Region, especially in Suzhou. The H shares of the Company (the “**H Shares**”) were listed (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 24 August 2022 (the “**Listing Date**”) by way of global offering (the “**Global Offering**”).

The Group focuses on providing city services, commercial property management services, residential property management services and property leasing. Headquartered in Suzhou, Jiangsu Province, the Group has established a solid market presence in the Yangtze River Delta Region. The Group believes that its strategic focus on the Yangtze River Delta Region, especially in Suzhou, and the established market position for providing city services and property management services in Suzhou will continue to support the growth of the Group’s business scale and enable the Group to enjoy competitive advantages in the city service and property management service market of the People’s Republic of China (“**China**” or “**PRC**”).

The Group’s focus on city environment, citizen wellbeing and commitment to customer satisfaction have shaped its brand image for high-calibre services. The Group’s commitment to quality services has earned the Group numerous industry awards and recognitions. The Group has been recognized as one of the Top 100 Property Management Companies of China for seven consecutive years since 2016 and was ranked 46th among the 2022 Top 100 Property Management Companies of China (2022 中國物業服務百強企業) by China Index Academy (“**CIA**”)\* in terms of overall strength. The Group was honoured as one of the “Leading City Services Companies in China” (中國城市服務領先企業) by CIA in 2022 and a “Leading Brand in the PRC Property Management Industry in Specialized Operations” (中國物業服務專業化運營領先品牌企業) (with a brand value of RMB1,000 million) by CIA for five consecutive years since 2018.

The Group provides comprehensive city services and property management services to a wide variety of properties, including (i) city services offered to local governments and public authorities to satisfy local residents’ daily living needs and improve their living standards and experience; (ii) commercial property management services offered to industrial parks, office buildings, apartments and commercial complexes; and (iii) residential property management services. The Group offers both traditional property management services and a wide range of value-added services to commercial properties and residential communities to address the diverse needs of its customers while enhancing customer stickiness. The Group also provides property leasing services where it leases out office buildings and apartments to diversify its revenue streams. The Group believes that provision of diverse services will improve customers’ loyalty, increase its brand recognition and enhance business operations and financial performance.

\* *Each year the CIA publishes the Top 100 Property Management Companies in China in terms of overall strength based on the data from the previous year on key factors such as management scale, operational performance, service quality, growth potential and social responsibility of the property management companies under consideration.*

As of 31 December 2022, the Group was contracted to provide public facility management services, basic commercial property management services and basic residential property management services to 95 projects in China, with a total contracted gross floor area (“GFA”) of approximately 9.1 million square metres (“sq.m.”), among which 87 projects with a total GFA of approximately 7 million sq.m. were under the Group’s management.

## **BUSINESS REVIEW**

During the year ended 31 December 2022, the Group derived its revenue primarily from four business lines, namely, (i) city services; (ii) commercial property management services; (iii) residential property management service; and (iv) property leasing services.

### **Portfolio of Properties under Management**

The following table sets forth the number of projects and gross floor area (“GFA”) under the Group’s management for public facility management services, basic commercial property management services and basic residential property management services as of the dates indicated by business line:

	As of 31 December			
	2022		2021	
	Number of projects	GFA under management <i>sq.m.’000</i>	Number of projects	GFA under management <i>sq.m.’000</i>
Public facility management services	29	1,709.4	18	1,292.3
Basic commercial property management services	36	2,112.5	37	2,253.6
Basic residential property management services	22	3,175.8	21	3,175.0
<b>Total</b>	<b>87</b>	<b>6,997.7</b>	<b>76</b>	<b>6,720.9</b>

### ***City Services***

The Group assists local governments and public authorities in their provision of city services to improve local residents’ living experience and environment. The Group’s city services primarily include (i) municipal infrastructure services; (ii) public facility management services; and (iii) operation of waste collection centres.

### *Municipal Infrastructure Services*

The Group offers municipal infrastructure services including cleaning, greening, maintenance, regular inspection and refurbishment services to ensure the cleanliness and normal operations of public infrastructure under the Group's management, including city roads, external walls of buildings along main city roads, street lamps, water supply network, as well as tram and tram platforms. The Group charges service fees based on the length of roads or GFA of the site area covered by its services. As of 31 December 2022, the Group provided municipal infrastructure services to 13 projects.

### *Public Facility Management Services*

The Group offers property management services including cleaning, security, gardening and landscaping, as well as repair and maintenance services to public facilities such as public museums, libraries, art and sports centres, city parks and office buildings for public authorities.

As of 31 December 2022, GFA of public facilities under the Group's management was approximately 1.7 million sq.m., and the Group was contracted to manage public facilities with a GFA of approximately 2.7 million sq.m..

### *Operation of Waste Collection Centres*

Underpinned by the Group's extensive experience in maintaining public facilities, the Group has been awarded by local governments and public authorities for the construction and operation of waste collection centres. Upon construction of waste collection centres, the Group assists local governments and public authorities in operating the waste collection centres and offering waste management services, including collecting household waste from city roads, households and commercial sources in the Suzhou Gaoxin District, transporting waste to the Group's operated waste collection centres, sorting and compacting waste for better treatment, and disposing compressed waste to incineration for burning or landfills for burying operated by third parties.

As of 31 December 2022, the Group had three waste collection centres with the maximum capacity to process a total of 1,200 tons of household waste per day and 50 tons of bulky waste per day.

### ***Commercial and Residential Property Management Services***

The Group's commercial and residential property management services include both basic property management services and value-added services. Basic property management services include security services, cleaning, greening and gardening services, and common area facility repair and maintenance services. Value-added services include carpark space management services, resource management services, property agency services, and other customized services such as customized cleaning and maintenance services, security services, hosting events, business support and/or assistance to customers in leasing printing machines according to specific customer demands.

As of 31 December 2022, the Group provided basic commercial property management services to 36 commercial properties with a total GFA under management of approximately 2.1 million sq.m., and 22 residential properties with a total GFA under management of approximately 3.2 million sq.m..

### ***Property Leasing***

The Group owns certain investment properties such as office buildings and apartments which are leased out as staff dormitories or offices. The Group charges rental fees and management fees.

As of 31 December 2022, the average occupancy rate of the Group's leased properties was approximately 60.23%. The Group recorded a decrease in average occupancy rate from approximately 76.5% in the year ended 31 December 2021 to approximately 64.88% in the year ended 31 December 2022. The decrease in occupancy rate was mainly due to the suspension of certain local enterprises and factories as a result of the pandemic prevention and control policies implemented by the government to fight against the COVID-19 pandemic, leading to a decrease in demand for leased properties.

### **OUTLOOK**

Firstly, the Group will manage the growth of project scale while increasing profitability. The Group's business scale will be expanded through mergers and acquisitions, equity investment and other methods. The Group will select high-quality state-owned city service enterprises and complementary business partners as the targets of mergers and acquisitions. Sound procedures for the selection of acquisition targets as well as due diligence and judgment will be implemented in order to maintain competitiveness and improve the quality of the Group's services while expanding the project scale. The Group will closely monitor key projects with a focus on major processes such as project completion, tender and bidding. Through strategic cooperation, the Group will target to manage properties developed by its strategic partners.

Secondly, the Group will integrate various city services to seize the potential of growth in demand. Grasping the opportunity from growing demand for public and government facilities as well as city operation services during the continuous transition in governmental functions, and in coordination with the implementation of the “Three-Year Action Plan for Sanitation Work in High-tech Zones” (《高新區環衛工作三年行動計劃》), the Group will actively participate in the urban maintenance integration reform of the Suzhou High-tech Zone to expand sources of income. The Group will effectively integrate different city services with compression and transportation of waste collection centers as the core to capture market shares of the collection and transportation of household waste and the disposal of bulky waste. The Group will provide collection and transportation services for household waste and decontaminate and recycle bulky waste, so as to realize the two-way extension of the waste disposal industry chain.

Thirdly, the Group will expand the scope of business and services with a focus on value-added innovation. The Group will offer more diversified innovative value-added services to further enhance customer loyalty and brand image. The Group will actively connect with various sectors to explore and expand service types and customer bases. Other value-added services (such as new home decoration and home appliance repair) with higher profit margins will be offered to office buildings, industrial parks and public properties, and essential life services (such as eldercare and household waste disposal) will be introduced. The Group will promote the professional operation and standardized development of “Leju” (樂居) housing for talents to improve the overall letting rate of housing for talents in the zone as well as the occupancy rate via online platform.

Fourthly, the Group will accelerate digital development of the industry and promote the upgrade of smart services. Leveraging big data, cloud computing and other technologies, a smart city and smart property service system will be built. The Group will further develop a management system covering the smart properties, and procure and upgrade existing hardware and software systems, so as to promote the full operation of the city service smart platform and the Company’s integrated customer service center. Smart property management solutions will be provided to improve business operation efficiency.

## FINANCIAL REVIEW

### Revenue

The following table sets forth a breakdown of the Group's revenue by business line for the periods indicated:

	Year ended 31 December			
	2022		2021	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
<b>City services</b>	<b>248,158</b>	<b>47.5%</b>	169,353	36.7%
— Municipal infrastructure services	<b>123,585</b>	<b>23.7%</b>	72,301	15.7%
— Public facility management services	<b>83,241</b>	<b>15.9%</b>	69,425	15.0%
— Operation of waste collection centers	<b>41,332</b>	<b>7.9%</b>	27,627	6.0%
<b>Commercial property management services</b>	<b>184,562</b>	<b>35.4%</b>	204,378	44.2%
— Basic property management services	<b>163,359</b>	<b>31.3%</b>	178,337	38.6%
— Value-added services	<b>21,203</b>	<b>4.1%</b>	26,041	5.6%
<b>Residential property management services</b>	<b>65,622</b>	<b>12.6%</b>	60,550	13.1%
— Basic property management services	<b>46,117</b>	<b>8.9%</b>	42,891	9.3%
— Value-added services	<b>19,505</b>	<b>3.7%</b>	17,659	3.8%
<b>Property leasing</b>	<b>23,623</b>	<b>4.5%</b>	27,700	6.0%
<b>Total</b>	<b>521,965</b>	<b>100.00%</b>	461,981	100.00%

Revenue of the Group increased by approximately 13.0% from approximately RMB462.0 million for the year ended 31 December 2021 to approximately RMB522.0 million for the year ended 31 December 2022, primarily reflecting the following:

- (i) revenue from city services increased by approximately 46.5% from approximately RMB169.4 million for the year ended 31 December 2021 to approximately RMB248.2 million for the year ended 31 December 2022, primarily due to the increase in revenue from municipal infrastructure services as a result of the expansion of integrated city services, as well as the expansion of the Group's public facility management services as it began to manage certain public facilities in the second half of 2021 including, among others, a newly constructed museum building (Suzhou Museum West: August 2021) and a city square (Shishan Cultural Square: August 2021);

- (ii) revenue from commercial property management services decreased by approximately 9.7% from approximately RMB204.4 million for the year ended 31 December 2021 to approximately RMB184.6 million for the year ended 31 December 2022, primarily due to the non-renewal of property management service agreements in relation to (a) certain public rental houses that expired in December 2021, as the Group collaborated with well-known independent third-party property management companies, including Suzhou Mingsu Commercial Management Co., Ltd.\* (蘇州銘蘇商業管理有限公司) and Suzhou Langyiju Commercial Management Service Co., Ltd.\* (蘇州朗頤居商業管理服務有限公司), to jointly establish companies to co-manage these projects, which is in line with the Group's strategic focus; and (b) a shopping mall named Tiandu Square that expired in November 2021, given that the project carried relatively low profit margin;
- (iii) revenue from residential property management services increased by approximately 8.3% from approximately RMB60.6 million for the year ended 31 December 2021 to approximately RMB65.6 million for the year ended 31 December 2022, primarily due to the increase in unit price of property management fees of Mingcheng Garden (名城花園) project in Suzhou Gaoxin District, and the increase in revenue for the full year 2022 compared to 2021 with certain buildings of the Haixu Lanting (海胥瀾庭) project in Suzhou Gusu District delivered in September 2021; and
- (iv) revenue from property leasing services decreased by approximately 14.8% from approximately RMB27.7 million for the year ended 31 December 2021 to approximately RMB23.6 million for the year ended 31 December 2022, primarily due to the waiver or partial reduction of rental due from its tenants in 2022 as a result of the Group's compliance with the local government's rent relief policy in response to the COVID-19 pandemic.

### **Cost of Sales**

The Group's cost of sales increased from approximately RMB355.8 million for the year ended 31 December 2021 to approximately RMB400.6 million for the year ended 31 December 2022 primarily due to the increase in the Group's subcontracting costs and utilities expenses.

## Gross Profit and Gross Profit Margin

The following table sets forth the Group's gross profit and gross profit margin by business line for the periods indicated:

	Year ended 31 December			
	2022		2021	
	Gross profit <i>RMB'000</i>	Gross profit margin	Gross profit <i>RMB'000</i>	Gross profit margin
City services	<b>61,482</b>	<b>24.8%</b>	40,410	23.9%
Commercial property management services	<b>33,868</b>	<b>18.4%</b>	37,002	18.1%
Residential property management services	<b>6,301</b>	<b>9.6%</b>	5,531	9.1%
Property leasing	<b>19,696</b>	<b>83.4%</b>	23,282	84.1%
Total	<b><u>121,347</u></b>	<b><u>23.2%</u></b>	<u>106,225</u>	<u>23.0%</u>

The Group's gross profit increased by approximately 14.2% from approximately RMB106.2 million for the year ended 31 December 2021 to approximately RMB121.3 million for the year ended 31 December 2022, primarily due to the Group's business expansion.

The Group's gross profit margin remained stable during the year ended 31 December 2022, primarily reflecting the following:

- (i) gross profit for city services increased by approximately 52.1% from approximately RMB40.4 million for the year ended 31 December 2021 to approximately RMB61.5 million for the year ended 31 December 2022, primarily due to the increase in revenue from municipal infrastructure services as a result of the expansion of integrated city services, as well as the increase in revenue from public facility management services as the Group began to manage a newly constructed museum building, and a city square in the second half of 2021, among others;
- (ii) gross profit for commercial property management services decreased by approximately 8.5% from approximately RMB37.0 million for the year ended 31 December 2021 to approximately RMB33.9 million for the year ended 31 December 2022, primarily due to the non-renewal of property management service agreements as described above;



- (iii) gross profit for residential property management services increased by approximately 14.5% from approximately RMB5.5 million for the year ended 31 December 2021 to approximately RMB6.3 million for the year ended 31 December 2022; and
- (iv) gross profit for property leasing services decreased by approximately 15.4% from approximately RMB23.3 million for the year ended 31 December 2021 to approximately RMB19.7 million for the year ended 31 December 2022, primarily due to the waiver or partial due from its tenants in 2022 as a result of the Group's compliance with the local government's rent relief policy in response to the COVID-19 pandemic.

### **Other Income and Gains**

The Group's other income and gains increased by approximately 83.5% from approximately RMB9.7 million for the year ended 31 December 2021 to approximately RMB17.8 million for the year ended 31 December 2022, primarily due to the receipt of listing subsidies provided by the government as a reward during the year ended 31 December 2022 and the gains of foreign exchange rate changes.

### **Selling and Marketing Expenses**

The Group's selling and marketing expenses remained relatively stable at approximately RMB2.8 million and RMB3.0 million for the years ended 31 December 2021 and 2022, respectively.

### **Administrative Expenses**

Administrative expenses increased by approximately 14.1% from approximately RMB29.0 million for the year ended 31 December 2021 to approximately RMB33.1 million for the year ended 31 December 2022, primarily due to (i) the increase in property tax for the year ended 31 December 2022 as the Science & Technology City Waste Collection Center was transferred to buildings from construction in process after the completion of the construction in October 2021; and (ii) the increase of professional fees as compared with that of last year.

### **Other Expenses**

Other expenses increased by approximately 57.1% from approximately RMB0.7 million for the year ended 31 December 2021 to approximately RMB1.1 million for the year ended 31 December 2022, primarily due to the loss on disposal of property, plant and equipment.

## **Finance Costs**

Finance cost increased by approximately 189.7% from approximately RMB3.9 million for the year ended 31 December 2021 to approximately RMB11.3 million for the year ended 31 December 2022, primarily due to the decrease in interest capitalized after the Group completed the construction of the Science & Technology City Waste Collection Center in October 2021.

## **Share of Loss of an Associate**

As at 31 December 2022, the Group has invested RMB9.8 million in SND Yiyang Health Management Company Limited (蘇高新怡養健康管理有限公司) (“**SND Yiyang**”), a provider of elderly care, nursing and medical services, for 49% of its shares. Through such investment, the Group expected to gain substantive operational experience and industry knowledge to facilitate the provision of value-added services in the elderly care, nursing and medical service industries in the future.

The Group’s share of loss of an associate arising from the investment in SND Yiyang amounted to approximately RMB3.0 million and RMB2.0 million for the years ended 31 December 2021 and 2022, respectively, primarily because SND Yiyang was newly established and incurred relatively high upfront expenses in the early development stage.

## **Income Tax Expense**

Income tax expense increased by approximately 14.0% from approximately RMB20.0 million for the year ended 31 December 2021 to approximately RMB22.8 million for the year ended 31 December 2022, primarily due to the expansion of the Group which led to the increase in the Group’s profit before tax.

## **Profit for the Year**

As a result of the foregoing, profit for the year increased from approximately RMB56.5 million for the year ended 31 December 2021 to approximately RMB65.7 million for the year ended 31 December 2022.

## **Property, Plant and Equipment**

Property, plant and equipment increased by approximately 13.8% from approximately RMB359.8 million as of 31 December 2021 to approximately RMB409.6 million as of 31 December 2022.

## Investment Properties

The Group's investment properties mainly represent commercial properties and rental apartments. The value of the Group's investment properties remained relatively stable at approximately RMB349.9 million as of 31 December 2021 and approximately RMB353.0 million as of 31 December 2022.

## Equity Investment Designated at Fair Value Through Other Comprehensive Income

As of 31 December 2022, the Group recorded equity investments designated at fair value through other comprehensive income of approximately RMB70.7 million (31 December 2021: approximately RMB92.4 million).

Equity investments designated at fair value through other comprehensive income reflect the value of (i) the Group's equity investment in Suzhou Huirong Business Travel Development Company\* (蘇州匯融商旅發展有限公司) (“**Suzhou Huirong**”); and (ii) the Group's investment in Suzhou Xinjingtian Business Land Development Company\* (蘇州新景天商務地產發展有限公司) (“**Suzhou Xinjingtian**”), details of which are set out below:

		Percentage of equity attributes as of 31 December 2022	Investment costs RMB'000	Fair value through other comprehensive income as of 31 December 2022 RMB'000	Size relative to the Company's total assets as of 31 December 2022	Fair value loss as of 31 December 2022 RMB'000
Suzhou Huirong	Property leasing	3.17%	57,000	59,469	4.5%	-11,831
Suzhou Xinjingtian	Property development and leasing	8.00%	24,000	11,204	0.9%	-9,936

No dividends were received on the above investments during the year ended 31 December 2022 (31 December 2021: Nil).

The Group remains susceptible to the risk of fair value change of its equity investments designated at fair value through other comprehensive income, and may record a fair value loss on the equity investments in the future, which would lead to a decrease in the total assets as well as net assets.

To monitor the performance of the Group's equity investments, the Group has adopted the following internal control policies: (i) the manager and supporting staff of each equity investment report the investment budget, the operational status of the investment target, and the major issues and their potential consequences to the Group's management on a quarterly basis; (ii) the Group will review the equity investments at least annually, and conduct periodical or special audits of its investment assets; and (iii) all the files related to each equity investment are documented and archived.

### **Trade Receivables**

Trade receivables are amounts due from independent third-party customers for services provided by the Group in its ordinary course of business. The Group's trade receivables increased from approximately RMB101.2 million as of 31 December 2021 to approximately RMB176.5 million as of 31 December 2022, primarily due to the expansion of the Group's city services, which includes undertaking of an urban facility maintenance integration project in early 2022.

### **Prepayments, Other Receivables and Other Assets**

The Group's prepayments, other receivables and other assets decreased by approximately 36.2% from approximately RMB51.1 million as of 31 December 2021 to approximately RMB32.6 million as of 31 December 2022, mainly due to (i) the decrease in other receivables as the share premium was partially offset by the capitalization of listing expenses during the year ended 31 December 2022; and (ii) the decrease in tax deductible due to the receipt of tax refund from the municipal government.

### **Trade Payables**

Trade payables primarily represent the Group's obligations to pay for services acquired in the ordinary course of business from independent third-party subcontractors and construction parties of waste collection centres. The Group's trade payables increased by approximately 10.0% from approximately RMB192.5 million as of 31 December 2021 to approximately RMB211.8 million as of 31 December 2022, primarily due to the ongoing construction and development of the waste collection center, which led to an increase in trade payables to contractors who provided services and delivered supplies to the Group in 2022.

## **Other Payables and Accruals**

Other payables and accruals represent (i) deposits that the Group collects from (a) property developers, property owners, residents and tenants before the Group commences its provision of property management services; and (b) property owners and residents before they begin renovating or refurbishing their units; (ii) payroll and welfare payable; (iii) maintenance funds; (iv) receipts of payments on behalf of customers, which primarily include payments from third parties for common area advertising and temporary parking; and (v) other tax payables.

The Group's other payables and accruals remained relatively stable at approximately RMB103.1 million as of 31 December 2021 and RMB95.2 million as of 31 December 2022.

## **Contract Liabilities**

Contract liabilities mainly arise from payments the Group receives from customers based on billing schedules prescribed in the service agreements. A portion of payments are usually received in advance of the performance of services under the contracts.

The Group's contract liabilities decreased by approximately 46.9% from approximately RMB75.0 million as of 31 December 2021 to approximately RMB39.8 million as of 31 December 2022, primarily because certain public institutions, including Suzhou Museum West, Suzhou Museum and Suzhou Library, prepaid the property management fees for 2022 due to sufficient budget in 2021.

## **Net Current Assets**

The Group's total current assets increased from approximately RMB490.7 million as of 31 December 2021 to approximately RMB580.0 million as of 31 December 2022, primarily due to the increase in cash and cash equivalents as a result of the proceeds from the Listing during the year ended 31 December 2022. Total current liabilities decreased from approximately RMB450.2 million as of 31 December 2021 to approximately RMB371.9 million as of 31 December 2022, primarily due to (i) the Group's settlement of substantial non-trade amounts due to related parties; and (ii) the decrease in contract liabilities as described above. As a result, the Group's net current assets increased substantially from approximately RMB40.5 million as of 31 December 2021 to approximately RMB208.1 million as of 31 December 2022.

## LIQUIDITY AND CAPITAL RESOURCES

The Group's main source of liquidity mainly came from cash flow from operations, interest-bearing borrowings and the Net Proceeds (defined below). As of 31 December 2022, cash and cash equivalents of the Group amounted to approximately RMB350.9 million, of which RMB157.2 million was denominated in RMB and HK\$216.9 million (equivalent to approximately RMB193.7 million) was denominated in Hong Kong dollars (31 December 2021: approximately RMB302.6 million, all of which were denominated in RMB).

### Bank Borrowings

As of 31 December 2022, interest-bearing bank loans of the Group amounted to approximately RMB122.5 million (31 December 2021: approximately RMB133.8 million), all of which were denominated in RMB.

The following table sets forth the components of the Group's borrowings as of the dates indicated:

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Current		
— Current portion of long-term bank loans – guaranteed	<b>11,250</b>	11,250
Non-current		
— Bank loans – guaranteed	<b>111,250</b>	122,500
<b>Total</b>	<b>122,500</b>	133,750

The table below sets forth a repayment schedule of the interest-bearing bank loans as of the dates indicated:

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Repayable within one year or on demand	<b>11,250</b>	11,250
Repayable within two to five years, inclusive	<b>78,250</b>	58,500
Beyond five years	<b>33,000</b>	64,000
<b>Total</b>	<b>122,500</b>	133,750

## **Other Liabilities**

As of 31 December 2022, the Group recorded other liabilities of approximately RMB171.0 million (31 December 2021: approximately RMB168.1 million). Other liabilities arose from an earmarked governmental loan granted by the Suzhou Finance Bureau to Suzhou Xingang Municipal Greening Service Co., Ltd., a wholly-owned subsidiary of the Company, with a nominal value of RMB200.0 million at an annual nominal interest rate of 3.37% payable semi-annually with a maturity date on 27 February 2030 to facilitate the construction of waste collection centres.

## **Pledge of Assets**

As at December 31, 2022, the Group's bank loan of approximately RMB122.5 million were secured by certain investment properties and buildings of the Group with an aggregated carrying value of RMB57.2 million (31 December 2021: approximately RMB133.8 million with an aggregated carrying value of RMB67.5 million).

## **Gearing Ratio**

Gearing ratio is calculated based on total bank loans and other liabilities divided by total equity as of the end of that period. The Group's gearing ratio for the year ended 31 December 2022 was 38.4% (31 December 2021: 54.5%).

## **Contingent Liabilities**

As of 31 December 2022, the Group did not have any outstanding material contingent liabilities (31 December 2021: nil).

## **Capital Expenditures**

The Group's capital expenditure primarily represented expenditures incurred for purchase of property, plant and equipment and additions to leasehold land. During the year ended 31 December 2022, the Group incurred capital expenditures of approximately RMB57.4 million (31 December 2021: RMB61.0 million).

## **MARKET RISK ANALYSIS**

The Group's major financial instruments include bank loans, finance leases, other liabilities, which primarily consist of government bonds and cash and time deposits. The risks associated with these financial instruments include credit risk and liquidity risk. The Directors manage and monitor these exposures to ensure that appropriate measures are implemented in a timely and effective manner.

## **Credit Risk**

The Group enters into transactions only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is insignificant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Group's head of credit control.

## **Liquidity Risk**

The Group manages its exposure to liquidity risk primarily by monitoring current ratio. The objective of the Group is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing loans. The Group's policy is that all the borrowings should be approved by the chief financial officer of the Company.

## **Foreign Exchange Risk**

The Group's operations are primarily conducted in RMB, which is the functional currency of the Group. Material fluctuations in the exchange rate of the RMB against the Hong Kong dollar may negatively impact the value and amount of any dividends payable on the shares of the Company. Currently, the Group does not implement any foreign currency hedging policy and the management of the Group will closely monitor any exposure to foreign exchange.

## **SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

Save as disclosed above, the Company did not have any other significant investment or significant acquisition of subsidiaries, associates and joint ventures during the year ended 31 December 2022.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

A total of 26,047,000 H Shares were issued at a price of HK\$8.6 per share in connection with the Global Offering including the Over-allotment Option (as defined in the prospectus of the Company dated 11 August 2022 (the "**Prospectus**")) raising a total of net proceeds of HK\$176.3 million after deducting the underwriting commissions and other expenses in connection with the Global Offering and the exercise of the Over-allotment Option (the "**Net Proceeds**"). The Company intends to utilise the Net Proceeds according to the plans set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Save as disclosed above, as at 31 December 2022, the Company did not have any future plans for material investments or additions of capital assets.



## **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

Reference is made to the Company's announcement dated 24 March 2023. The Company proposed to dispose of the 49% equity interest held in SND Yiyang by the Company through public tender at the Suzhou Public Resources Exchange Centre. The successful bidder is required to enter into an asset transaction agreement with the Company in accordance with the regulations of the Suzhou Public Resources Exchange Centre.

Save as disclosed above, there were no material events undertaken by the Group subsequent to 31 December 2022 and up to the date of this announcement.

## **PROCEEDS FROM LISTING**

The Group intends to use the Net Proceeds (amounting to approximately HK\$176.3 million) in accordance with the method and schedule set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

An analysis of the utilization of the Net Proceeds is set out below:

Proposed use of Net Proceeds as set out in the Prospectus Major categories	Sub-categories/Specific plans	Approximate % of Net Proceeds	Net Proceeds (HK\$ million)	Utilised Net Proceeds as of December 31, 2022 (HK\$ million)	Unutilised Net Proceeds as of December 31, 2022 (HK\$ million)	Expected time of full utilisation
Acquisitions	Acquisitions of other property management companies and companies providing city services and property management services	30.0	52.9	0	52.9	By 31 December 2024
Strategic Investments	Investments in waste collection centers and companies providing operational and management services to waste collection centers	30.0	52.9	0	52.9	By 31 December 2024
Expansion and diversification of value-added services	Establishment of the Group's own brand "Suxin Leju (蘇新樂居)" and launch of apartment management and operational services for housing for talents	15.0	26.4	0	26.4	By 31 December 2024
	Investments in companies providing elderly care, nursing and medical services	8.0	14.1	0	14.1	By 31 December 2024
Technological investment	Investments in the Group's Technologies and Intelligent Operations	4.0	7.1	0	7.1	By 31 December 2024
Talent Training and Retention	— Cooperation with top-tier universities in the PRC and overseas	3.0	5.3	0	5.3	By 31 December 2024
	— Improvement and expansion of training and talent recruitment programs					
	— Recruitment of at least 30 young talents in the next three years to meet our needs for acquisition, investment, establishment of information management system and other business needs					
Working capital and other general corporate purposes	Expansion of the Group's business scope and scale of general business operations and working capital funding	10.0	17.6	0.89	16.71	By 31 December 2024
	<b>Total</b>		<b>100.0</b>		<b>176.3</b>	

As of 31 December 2022, the Directors are not aware of any material change in the planned use of the Net Proceeds. The remaining Net Proceeds which had not been utilized were placed in short-term demand deposits with licensed financial institution. The unutilised Net Proceeds and the above timeline of intended utilization will be applied in the manners disclosed by the Company. However, 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.

## EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2022, the Group had a total of 1,226 full-time employees in China. For the year ended 31 December 2022, the staff cost recognised as expenses of the Group amounted to approximately RMB150.7 million (31 December 2021: approximately RMB144.1 million).

The Group believes that the expertise, experience and professional development of its employees contributes to its growth. The Group proactively recruits skilled and qualified personnel with relevant working experience in property management to support the sustainable growth of business. The remuneration package of employees of the Group includes salary and bonus, which are generally based on their qualifications, industry experience, position and performance. In addition, the Group provides training programs regularly and across management levels, in compatible with practical needs, covering key areas in its business operations, including but not limited to corporate culture and policies, technical knowledge required for certain positions, leadership skills and general knowledge about the nature of the Group's services.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company aims to achieve high standards of corporate governance which are crucial to the development of the Group and would safeguard the interests of the Company's shareholders (the "**Shareholder(s)**"). Since the Listing Date and up to 31 December 2022, the Company has applied the principles of good corporate governance and complied with the code provisions set out in Part 2 of the Corporate Governance Code (the "**Corporate Governance Code**") as contained in Appendix 14 to the Listing Rules, save for the deviation from code provision C.2.1 as disclosed below:

The roles of the chairman and the chief executive officer of the Company have not been separated as required by code provision C.2.1 of the Corporate Governance Code. The roles of the chairman and general manager of the Company are both performed by Mr. Cui Xiaodong, an executive Director. The Board believes that vesting the roles of both chairman and general manager in the same individual enables the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. Cui Xiaodong's extensive industrial experience and significant role in the historical development of the Group, the Board believes that it is beneficial to the business prospects of the Group that Mr. Cui Xiaodong continues to act as the chairman and general manager of the Group following the Listing Date, and that the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors, non-executive Directors and independent non-executive Directors.

## **COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS**

Since the Listing, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct for dealings in the securities of the Company by the Directors and supervisors of the Company.

Specific enquiry has been made of all the Directors and the supervisors and they have confirmed that they have complied with the Model Code since the Listing Date up to 31 December 2022.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date and up to 31 December 2022.

## **FINAL DIVIDEND**

The Board has resolved to recommend the distribution of a final dividend in cash of RMB0.17 per share of the Company (tax inclusive) for the year ended 31 December 2022. It is expected that the proposed final dividend, if approved by the Shareholders at the 2022 annual general meeting of the Company (the “**2022 AGM**”), will be paid on or before Thursday, 31 August 2023.

## **AUDIT COMMITTEE**

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the Listing Rules. The primary duties of the audit committee are to (i) review and supervise the Group's financial reporting process and internal control system of the Group, risk management and internal audit; (ii) provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board.

The Audit Committee consists of three members, namely Ms. Xin Zhu, Mr. Liu Xin and Mr. Cai Jinchun. The chairman of the Audit Committee is Ms. Xin Zhu, who is an independent non-executive Director and possesses the appropriate professional qualifications.

## **REVIEW OF ANNUAL RESULTS**

The Audit Committee has reviewed the annual financial results for the year ended 31 December 2022 and considers that the annual financial results are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

## **2022 AGM**

The 2022 AGM will be convened and held on 15 June 2023. The notice of the 2022 AGM will be published on the Company's website ([www.suxinfuwu.com](http://www.suxinfuwu.com)) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and despatched to the Shareholders in the manner prescribed under the Listing Rules in due course.

## **Closure of Register of Members**

For the purpose of determining the Shareholders' entitlement to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Monday, 12 June 2023 to Thursday, 15 June 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify the Shareholders to attend and vote at the 2022 AGM, all the completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for H shareholders) or to the registered office of the Company at Room 3001, 30/F SND International Commerce Tower 28 Shishan Road Gaoxin District, Suzhou Jiangsu Province PRC (for domestic shareholders) no later than 4:30 p.m. on Friday, 9 June 2023 for registration. Shareholders whose names appear on the register of members of the Company on Thursday, 15 June 2023 are entitled to attend and vote at the 2022 AGM.

## **SCOPE OF WORK OF THE AUDITOR**

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2022, but represents an extract from the consolidated financial statements for the year ended 31 December 2022 which have been audited by the auditor of the Company, Ernst & Young, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

## **PUBLICATION OF ANNUAL RESULTS AND 2022 ANNUAL REPORT**

This announcement is published on the websites of the Company ([www.suxinfuwu.com](http://www.suxinfuwu.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2022 annual report will be dispatched to the Shareholders and will be made available on the websites of the Company and the Stock Exchange as and when appropriate.

By order of the Board  
**Suxin Joyful Life Services Co., Ltd.**  
**Mr. Cui Xiaodong**  
*Chairman and executive Director*

Hong Kong, 28 March 2023

*As at the date of this announcement, the executive Directors are Mr. Cui Xiaodong, Mr. Zhou Jun and Ms. Zhou Lijuan, the non-executive Directors are Mr. Cai Jinchun, Mr. Zhang Jun and Mr. Tang Chunshan, and the independent non-executive Directors are Ms. Zhou Yun, Ms. Xin Zhu and Mr. Liu Xin.*

\* *For identification purpose only*