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SUNAC SERVICES HOLDINGS LIMITED

融創服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01516)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

RESULTS HIGHLIGHTS

For the year ended 31 December 2020:

- The revenue of the Group was approximately RMB4,623 million, representing a growth rate of approximately 63.5% as compared to last year; the gross profit was approximately RMB1,275 million, representing a growth rate of approximately 77.0% as compared to last year; and the gross profit margin was approximately 27.6%, representing an increase of approximately 2.1 percent as compared to last year;
- The Group's revenue from property management services was approximately RMB2,774 million, representing a growth rate of approximately 141.6% as compared to last year, which accounted for approximately 60.0% of the total revenue, representing an increase of approximately 19.4 percent as compared to last year; the gross profit was approximately RMB599 million, representing a growth rate of approximately 340.8% as compared to last year, which accounted for approximately 47.0% of the total gross profit, representing an increase of approximately 28.1 percent as compared to last year; and the gross profit margin was approximately 21.6%, representing an increase of approximately 9.8 percent as compared to last year;
- The profit of the Group for the year was approximately RMB626 million, representing a growth rate of approximately 131.8% as compared to last year, among which, the profit attributable to the owners of the Company was approximately RMB601 million, representing a growth rate of approximately 122.6% as compared to last year; and after excluding the effect of the one-off listing expenses, the profit attributable to the owners of the Company was approximately RMB620 million, representing a growth rate of approximately 129.8% as compared to last year;
- Basic earnings per share attributable to the owners of the Company were approximately RMB0.25, representing a growth rate of approximately 108.3% as compared to last year;
- The Board proposed to declare a final dividend of RMB5.8 cents per share for the year ended 31 December 2020.

Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the prospectus of the Company dated 9 November 2020 (the “**Prospectus**”).

The board (the “**Board**”) of directors (the “**Directors**”) of Sunac Services Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2020 with comparative figures for the year ended 31 December 2019, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

		Year ended 31 December	
	<i>Note</i>	2020	2019
		RMB’000	RMB’000
Revenue	4	4,622,509	2,827,374
Cost of sales	5	<u>(3,347,367)</u>	<u>(2,107,080)</u>
Gross profit		<u>1,275,142</u>	<u>720,294</u>
Administrative expenses	5	(496,013)	(383,128)
Selling and marketing expenses	5	(28,772)	(18,669)
Net impairment losses on financial assets	5	(14,954)	(2,759)
Other income and expenses		56,770	36,604
Other gains/(losses) – net		<u>11,018</u>	<u>4,159</u>
Operating profit		803,191	356,501
Finance income		12,566	1,365
Finance costs		<u>(2,096)</u>	<u>(13,228)</u>
Finance income/(costs) – net		10,470	(11,863)
Share of post-tax profits of associates and joint ventures accounted for using the equity method, net		<u>8,572</u>	<u>1,289</u>
Profit before income tax		822,233	345,927
Income tax expense	6	<u>(196,539)</u>	<u>(76,029)</u>
Profit for the year		<u>625,694</u>	<u>269,898</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2020

		Year ended 31 December	
	<i>Note</i>	2020	2019
		<i>RMB'000</i>	<i>RMB'000</i>
Other comprehensive income for the year		<u>–</u>	<u>–</u>
Total comprehensive income for the year		<u>625,694</u>	<u>269,898</u>
Total comprehensive income attributable to			
– Owners of the Company		600,862	269,898
– Non-controlling interests		<u>24,832</u>	<u>–</u>
		<u>625,694</u>	<u>269,898</u>
Earnings per share (expressed in RMB per share)			
– Basic and diluted earnings per share	7	<u>0.25</u>	<u>0.12</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

		As at 31 December	
	<i>Note</i>	2020	2019
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		58,907	28,981
Right-of-use assets		45,163	35,763
Intangible assets	9	1,317,838	63,230
Deferred tax assets		36,400	21,698
Investments accounted for using the equity method		58,262	2,672
Financial assets at fair value through profit or loss		390,500	—
Other receivables	10	32,682	—
Prepayments		9,369	570
		1,949,121	152,914
Current assets			
Inventories		40,919	82,336
Trade and other receivables	10	1,351,435	927,243
Prepayments		36,542	18,456
Cash and cash equivalents		9,368,495	1,090,197
Restricted cash		9,958	—
Financial assets at fair value through profit or loss		200,829	—
		11,008,178	2,118,232
Total assets		12,957,299	2,271,146

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2020

		As at 31 December	
	<i>Note</i>	2020	2019
		RMB'000	RMB'000
EQUITY AND LIABILITIES			
Equity attributable to the owners of the Company			
Share capital		26,035	–
Reserves		8,910,940	184,242
Retained earnings		746,962	183,018
		<hr/>	<hr/>
		9,683,937	367,260
Non-controlling interests		51,281	130,615
		<hr/>	<hr/>
Total equity		9,735,218	497,875
		<hr/> <hr/>	<hr/> <hr/>
LIABILITIES			
Non-current liabilities			
Lease liabilities		21,491	15,570
Other payables	<i>11</i>	169,624	–
Deferred tax liabilities		81,256	6,591
		<hr/>	<hr/>
		272,371	22,161
		<hr/>	<hr/>
Current liabilities			
Lease liabilities		19,761	19,461
Trade and other payables	<i>11</i>	1,773,193	1,086,618
Contract liabilities		1,005,281	560,388
Current income tax liabilities		151,475	84,643
		<hr/>	<hr/>
		2,949,710	1,751,110
		<hr/>	<hr/>
Total liabilities		3,222,081	1,773,271
		<hr/>	<hr/>
Total equity and liabilities		12,957,299	2,271,146
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Group is principally engaged in the provision of property management services, value-added services to non-property owners and community living services in the People's Republic of China (the “PRC”).

The Company is a limited liability company incorporated in the Cayman Islands on 10 January 2019. The registered office address of the Company is One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Islands.

The Company's shares became listed (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 19 November 2020 (the “**Listing Date**”).

The ultimate holding company of the Company is Sunac China Holdings Limited (“**Sunac China**”) whose shares have been listed on the Main Board of the Stock Exchange since 7 October 2010.

These financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated.

2. SIGNIFICANT ACCOUNTING POLICIES

(i) Compliance with HKFRS and HKCO

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

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss, which are measured at fair value.

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- *Definition of Material – amendments to HKAS 1 and HKAS 8*
- *Definition of a Business – amendments to HKFRS 3*
- *Interest Rate Benchmark Reform – amendments to HKFRS 9, HKAS 39 and HKFRS 7*
- *Revised Conceptual Framework for Financial Reporting*

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

The Group has early adopted *Amendment to HKFRS 16 Covid-19-Related Rent Concessions* retrospectively from 1 January 2020. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; b. any reduction in lease payments affects only payments due on or before 30 June 2021; and c. there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying COVID-19-related rent. There is no significant impact on the amounts recognised in current year's profit or loss and opening balance of equity on 1 January 2020.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

	Effective for the financial year beginning on or after
<i>Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 - Interest rate benchmark reform - Phase 2</i>	1 January 2021
<i>Amendments to HKFRS 3 - Update reference to the conceptual framework</i>	1 January 2022
<i>Amendments to HKAS 16 - Proceeds before intended use</i>	1 January 2022
<i>Amendments to HKAS 37 - Onerous contracts - costs of fulfilling a contract</i>	1 January 2022
<i>Annual Improvements to HKFRSs Standards 2018-2020</i>	1 January 2022
<i>Revised Accounting Guideline 5 - Merger accounting for common control combination</i>	1 January 2022
<i>Hong Kong Interpretation 5 (2020) - Presentation of financial statements - Classification by the borrower of a term loan that contains a repayment on demand clause</i>	1 January 2023
<i>HKFRS 17 - Insurance contract</i>	1 January 2023
<i>Amendments to HKAS 1 - Classification of liabilities as current or non-current</i>	1 January 2023
<i>Amendments to HKFRS 10 and HKAS 28 - Sale or contribution of assets between an investor and its associates or joint ventures</i>	To be determined

3. SEGMENT INFORMATION

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

During the year ended 31 December 2020, the Group is principally engaged in the provision of property management services, value-added services to non-property owners and community living services in the PRC. Management reviews the operating results of the business by geography, but these operating segments are aggregated into a single operating segment as the nature of services, the type of customers for services, the methods used to provide their services and the nature of regulatory environment is same in different regions.

The principal operating entity of the Group is domiciled in the PRC. Accordingly, all of the Group’s revenue was derived in the PRC during the year ended 31 December 2020.

4. REVENUE OF SERVICES

Revenue mainly comprises of proceeds from property management services, value-added services to non-property owners and community living services. An analysis of the Group’s revenue by category for the years ended 31 December 2020 and 2019 was as follows:

	Year ended 31 December	
	2020	2019
	RMB’000	RMB’000
<i>Recognised over time</i>		
– Property management services	2,736,145	1,120,883
– Value-added services to non-property owners	1,450,483	1,418,445
– Community living services	113,600	34,301
	4,300,228	2,573,629
<i>Recognised at a point in time</i>		
– Property management services	37,374	27,315
– Value-added services to non-property owners	222,260	154,051
– Community living services	62,647	72,379
	322,281	253,745
	4,622,509	2,827,374

For the year ended 31 December 2020, revenue from Sunac China and its subsidiaries, associates and joint ventures contributed 43.5% (for the year ended 31 December 2019: 61.6%) of the Group’s total revenue. Other than entities controlled by Sunac China, associates and joint ventures of Sunac China, the Group had a large number of customers and none of whom contributed 10% or more of the Group’s revenue for the years ended 31 December 2020 and 2019.

Contract liabilities

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

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Contract liabilities		
– Third parties	944,216	521,987
– Related parties	61,065	38,401
	<u>1,005,281</u>	<u>560,388</u>

5. EXPENSES BY NATURE

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

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Employee benefit expenses	2,225,369	1,631,653
Security, maintenance, cleaning and greening costs	972,228	437,985
Utilities	89,467	45,268
Consumable materials cost	62,272	53,244
Sub-contract expenses for property agency services	88,592	77,097
Depreciation and amortisation	82,215	34,675
Travelling and entertainment expenses	77,619	60,816
Office and communication expenses	65,298	53,522
Taxes and surcharges	28,696	14,915
Net impairment losses on financial assets	14,954	2,759
Listing expenses	22,044	–
Rental expenses for short-term leases and low-value assets	35,660	26,699
Auditors' remuneration		
– Audit services	2,804	425
– Non-audit services	–	–
Others	119,888	72,578
	<u>3,887,106</u>	<u>2,511,636</u>

6. INCOME TAX EXPENSE

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax	184,827	82,152
Deferred income tax	<u>11,712</u>	<u>(6,123)</u>
	<u>196,539</u>	<u>76,029</u>

7. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted-average number of ordinary shares in issue or deemed to be in issue during each of the years ended 31 December 2020 and 2019. The weighted average number of ordinary shares used for the years of 2020 and 2019 has been retrospectively adjusted based on the assumption as below:

- the 9,500,000 shares of HKD0.01 each of the Company issued on 27 October 2020 was deemed to have been in issue since 1 January 2017;
- the 2,300,500,000 shares in connection with capitalisation issue was deemed to have been in issue since 1 January 2017;
- the repurchase of 12,500 shares of USD1.00 each was deemed to have been completed since 1 January 2017.

The Company did not have any potential ordinary shares outstanding during the years of 2020 and 2019. Diluted earnings per share is equal to basic earnings per share.

	Year ended 31 December	
	2020	2019
Profit attributable to owners of the Company (RMB' 000)	<u>600,862</u>	<u>269,898</u>
Weighted average number of ordinary shares in issue	<u>2,395,824,658</u>	<u>2,310,000,000</u>
Basic earnings per share for profit attributable to the owners of the Company during the year (expressed in RMB per share)	<u>0.25</u>	<u>0.12</u>

8. DIVIDENDS

A dividend in respect of the year ended 31 December 2020 of RMB0.058 per share, amounting to approximately RMB180 million, will be proposed at the upcoming annual general meeting of the Company, where the number of shares used for dividend calculation is the balance of the issued ordinary shares as at 31 December 2020. These financial statements did not reflect this dividend payable.

	Year ended 31 December	
	2020	2019
	<i>RMB' 000</i>	<i>RMB' 000</i>
Proposed final dividend of RMB0.058 (2019: nil) per ordinary share	<u>180,003</u>	<u>–</u>

9. INTANGIBLE ASSETS

	Goodwill RMB'000	Customer relationships RMB'000	Software and others RMB'000	Total RMB'000
As at 1 January 2019				
Cost	–	24,761	–	24,761
Accumulated amortisation	–	(4,564)	–	(4,564)
Net book amount	<u>–</u>	<u>20,197</u>	<u>–</u>	<u>20,197</u>
Year ended 31 December 2019				
Opening net book amount	–	20,197	–	20,197
Acquisition of Chengdu Global Century	–	35,562	299	35,861
Additions	–	–	12,680	12,680
Amortisation	–	(4,112)	(1,396)	(5,508)
Closing net book amount	<u>–</u>	<u>51,647</u>	<u>11,583</u>	<u>63,230</u>
As at 31 December 2019				
Cost	–	60,323	12,979	73,302
Accumulated amortisation	–	(8,676)	(1,396)	(10,072)
As at 31 December 2019	<u>–</u>	<u>51,647</u>	<u>11,583</u>	<u>63,230</u>
Year ended 31 December 2020				
Opening net book amount	–	51,647	11,583	63,230
Acquisition of a subsidiary	1,020,216	195,611	51,785	1,267,612
Additions	–	–	27,442	27,442
Amortisation	–	(28,338)	(12,108)	(40,446)
Closing net book amount	<u>1,020,216</u>	<u>218,920</u>	<u>78,702</u>	<u>1,317,838</u>
As at 31 December 2020				
Cost	1,020,216	255,934	92,206	1,368,356
Accumulated amortisation	–	(37,014)	(13,504)	(50,518)
As at 31 December 2020	<u>1,020,216</u>	<u>218,920</u>	<u>78,702</u>	<u>1,317,838</u>

Amortisation expenses of RMB32.17 million (2019: RMB4.11 million) has been charged to “cost of sales” and RMB8.28 million (2019: RMB1.40 million) has been charged to “administrative expenses”.

10. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Non-current		
Deposits for property management services	6,000	—
Other receivables (ii)	26,682	—
	<u>32,682</u>	<u>—</u>
Current		
Trade receivables (i)	1,082,804	597,996
Other receivables (ii)	304,288	343,082
	<u>1,387,092</u>	<u>941,078</u>
Less: loss allowance	<u>(35,657)</u>	<u>(13,835)</u>
	<u>1,351,435</u>	<u>927,243</u>

As at 31 December 2020 and 2019, the carrying amounts of the Group's trade and other receivables were all denominated in RMB.

- (i) Trade receivables mainly arise from rendering of property management services managed under lump sum basis and value-added services. Revenue from property management services, value-added services to non-property owners and community living services are received in accordance with the term of the relevant service agreements and are due for payment upon rendering of service. The ageing analysis of trade receivables based on dates of rendering of services is as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Within 1 year	880,634	502,635
1 to 2 years	124,561	43,024
2 to 3 years	35,890	31,418
3 to 4 years	22,594	16,841
4 to 5 years	14,297	3,040
Over 5 years	4,828	1,038
	<u>1,082,804</u>	<u>597,996</u>

- (ii) Other receivables mainly included refundable deposit paid and the payments on behalf of property owners in respect of utilities costs.

11. TRADE AND OTHER PAYABLES

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current		
Consideration payable for acquisition of New Century Property Management	<u>169,624</u>	<u>–</u>
Current		
Trade payables (i)	373,983	246,389
Payroll and welfare payables	445,939	298,356
Other tax payable	102,564	62,464
Deposits payables	235,297	149,027
Consideration payable for acquisition of New Century Property Management	226,165	–
Temporary receipt on behalf (ii)	189,212	69,323
Amounts due to related parties (iii)	94,323	224,102
Accruals and others	<u>105,710</u>	<u>36,957</u>
	<u>1,773,193</u>	<u>1,086,618</u>

As at 31 December 2020 and 2019, trade and other payables were denominated in RMB and the carrying amounts approximated their fair values.

- (i) The ageing analysis of trade payables based on the invoice date was as follows:

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 years	363,971	241,930
1 to 2 years	7,004	2,808
2 to 3 years	2,375	1,059
Over 3 years	<u>633</u>	<u>592</u>
	<u>373,983</u>	<u>246,389</u>

- (ii) Temporary receipt on behalf mainly represented the proceeds received from property owners in respect of utilities costs and proceeds received from operating common area on behalf of property owners.
- (iii) The amounts due to related parties mainly represented the deposits payable which are unsecured and interest free.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

1. Revenue

For the year ended 31 December 2020, the Group recorded revenue amounting to approximately RMB4,622.5 million, representing a substantial increase of approximately RMB1,795.1 million (approximately 63.5%) as compared with approximately RMB2,827.4 million for the year ended 31 December 2019. The increase in revenue was primarily due to the substantial increase in the GFA under management and the development of community living services.

The following table sets forth the details of the Group's total revenue by business line for the years indicated:

	For the year ended 31 December			
	2020		2019	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management services	2,773,519	60.0	1,148,198	40.6
Value-added services to non-property owners	1,672,743	36.2	1,572,496	55.6
Community living services	176,247	3.8	106,680	3.8
Total	<u>4,622,509</u>	<u>100.0</u>	<u>2,827,374</u>	<u>100.0</u>

The Group continues to optimize its revenue structure. During the year, revenue from property management services accounted for 60.0% of the Group's total revenue, which increased significantly from 40.6% as recorded in the previous year.

Property management services

For the year ended 31 December 2020, the Group's revenue from property management services was approximately RMB2,773.5 million, representing an increase of approximately RMB1,625.3 million (approximately 141.6%) as compared with that for the year ended 31 December 2019, which was mainly attributable to the increase in GFA under management that is in line with the Group's business expansion.

The following tables set forth the breakdown of the Group's GFA under management as at the dates indicated and revenue from property management services for the years indicated by source of projects and type of projects, respectively:

By source of projects:

	As at or for the year ended 31 December							
	2020				2019			
	GFA under management	Revenue			GFA under management	Revenue		
	'000 sq.m.	%	RMB'000		'000 sq.m.	%	RMB'000	
Properties developed by Sunac Group (and its joint ventures and associates)	91,777	67.9	2,104,625	75.9	52,634	99.4	1,143,884	99.6
Properties developed by independent third party property developers	43,324	32.1	668,894	24.1	329	0.6	4,314	0.4
Total	135,101	100.0	2,773,519	100.0	52,963	100.0	1,148,198	100.0

By type of projects:

	As at or for the year ended 31 December							
	2020				2019			
	GFA under management	Revenue			GFA under management	Revenue		
	'000 sq.m.	%	RMB'000		'000 sq.m.	%	RMB'000	
Residential properties	104,664	77.5	1,943,511	70.1	44,809	84.6	941,549	82.0
Non-residential properties:								
– Commercial properties	15,773	11.7	642,908	23.2	5,059	9.6	192,138	16.7
– Public and other properties	14,664	10.8	187,100	6.7	3,095	5.8	14,511	1.3
Sub-total	30,437	22.5	830,008	29.9	8,154	15.4	206,649	18.0
Total	135,101	100.0	2,773,519	100.0	52,963	100.0	1,148,198	100.0

The Group's GFA under management increased by approximately 82.1 million sq.m. to approximately 135.1 million sq.m. as at 31 December 2020 from approximately 53.0 million sq.m. as at 31 December 2019, of which the properties developed by independent third party property developers increased by approximately 43.0 million sq.m. to approximately 43.3 million sq.m. as at 31 December 2020 from approximately 0.3 million sq.m. as at 31 December 2019. The increase in the properties developed by independent third party property developers was mainly due to the acquisition of New Century Property Management by the Group and the management service business for properties developed by independent third party secured through partnership and market bidding.

Value-added services to non-property owners

For the year ended 31 December 2020, the Group's revenue from value-added services to non-property owners amounted to approximately RMB1,672.7 million, representing an increase of approximately RMB100.2 million (approximately 6.4%) as compared with approximately RMB1,572.5 million for the year ended 31 December 2019. This was mainly attributable to the increase in revenue from sales assistance and property agency services.

The following table sets forth the components of the Group's revenue from value-added services to non-property owners for the years indicated:

	For the year ended 31 December			
	2020		2019	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Sales assistance services	979,055	58.5	928,753	59.1
Consultancy and other value-added services to non-property owners	471,428	28.2	489,692	31.1
Property agency services	222,260	13.3	154,051	9.8
Total	1,672,743	100.0	1,572,496	100.0

Community living services

For the year ended 31 December 2020, the Group's revenue from community living services was approximately RMB176.2 million, representing an increase of approximately RMB69.6 million (approximately 65.2%) as compared with that for the year ended 31 December 2019. With the increase in GFA under management of property management services and the continuous growth of number of customers, the Group has also continuously improved the capability of community living services, while vigorously developing its existing businesses.

The following table sets forth the components of the Group's revenue from community living services for the years indicated:

	For the year ended 31 December			
	2020		2019	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Space operation services	63,821	36.2	18,362	17.1
Property interior decoration services	29,944	17.0	11,920	11.2
Real estate brokerage services	27,908	15.9	19,576	18.4
Sale of use rights of car park spaces	20,136	11.4	52,803	49.5
Convenience services and others	34,438	19.5	4,019	3.8
Total	176,247	100.0	106,680	100.0

The revenue from community living services, after deducting the sale of use rights of car park spaces, increased significantly by approximately RMB102.2 million (approximately 189.8%) to approximately RMB156.1 million from approximately RMB53.9 million for the year ended 31 December 2019.

Revenue from space operation services was approximately RMB63.8 million, representing an increase of approximately RMB45.5 million as compared with that for the year ended 31 December 2019. The Group further explored the value of spaces, enriched the business types of community spaces, strengthened cooperation with group-level strategic providers, and continuously improved the utilization rate of community resources.

Revenue from property interior decoration services was approximately RMB29.9 million, representing an increase of approximately RMB18.0 million as compared with that for the year ended 31 December 2019. In 2020, the Group introduced quality providers, conducted standardized and normalized full-cycle management of service actions, and actively promoted property interior decoration business in various projects.

Convenience services and others mainly include cleaning, home repair and e-commerce services based on the needs of property owners. Revenue from convenience services and others was approximately RMB34.4 million, representing an increase of approximately RMB30.4 million as compared with that for the year ended 31 December 2019.

2. Cost of Sales

The Group's cost of sales refers to the costs directly related to the provision of services, including (i) staff cost of mainly its on-site staff providing property management services at properties under management; (ii) security, maintenance, cleaning and greening costs in connection with sub-contracting services; (iii) utilities cost; (iv) consumable cost; (v) agency fees representing fees payable to third-party real estate agents whom the Group collaborates with, for the property agency services provided to property developers; (vi) depreciation and amortisation; (vii) office, travelling and communications cost; and (viii) other cost such as cost for purchase of use rights of car park spaces and community activity cost.

The Group's cost of sales amounted to approximately RMB3,347.4 million for the year ended 31 December 2020, representing an increase of approximately RMB1,240.3 million (approximately 58.9%) as compared with approximately RMB2,107.1 million for the year ended 31 December 2019. The increase in cost of sales was mainly due to continued increase in the scale of the Group's business.

3. Gross Profit and Gross Profit Margin

The Group's gross profit amounted to approximately RMB1,275.1 million for the year ended 31 December 2020, representing an increase of approximately RMB554.8 million (approximately 77.0%) as compared with approximately RMB720.3 million for the year ended 31 December 2019, which was mainly due to the significant increase in the Group's revenue. The Group's gross profit margin was approximately 27.6%, representing an increase of 2.1 percent from 25.5% for the year ended 31 December 2019, mainly attributable to the increase in the gross profit margin of property management services, which accounted for a higher proportion of revenue.

The following table sets forth the details of the Group's gross profit and gross profit margin by business lines for the years indicated:

	For the year ended 31 December			
	2020		2019	
	Gross profit <i>RMB'000</i>	Gross profit margin %	Gross profit <i>RMB'000</i>	Gross profit margin %
Property management services	598,814	21.6	135,850	11.8
Value-added services to non-property owners	594,776	35.6	547,491	34.8
Community living services	81,552	46.3	36,953	34.6
Total	1,275,142	27.6	720,294	25.5

The gross profit margin of property management services increased significantly from approximately 11.8% for the year ended 31 December 2019 to approximately 21.6% for the year ended 31 December 2020, which was mainly due to (i) the effect of economies of scale led by the expansion of the Group's business scale and improvement of management density during the year; (ii) the implementation of a series of costs control measures, including optimization of staff allocation, effective cost control through group procurement, and implementation of refined management; and (iii) the receipt of social security concession affected by the COVID-19 epidemic during the year.

The gross profit margin of value-added services to non-property owners was approximately 35.6% for the year ended 31 December 2020, which remained stable as compared with 2019.

The gross profit margin of community living services was approximately 46.3% for the year ended 31 December 2020, representing a significant increase from approximately 34.6% for the year ended 31 December 2019. This increase was mainly due to the expansion of the Group's business scale and the improvement of service capacity and operation capacity, so that the scale effect appears.

4. Administrative Expenses

For the year ended 31 December 2020, the Group's administrative expenses amounted to approximately RMB496.0 million, representing an increase of approximately RMB112.9 million from approximately RMB383.1 million for the year ended 31 December 2019. The increase in administrative expenses was mainly attributable to the expansion of the Group's business scale, the increase in employee benefit expenses and office fees, and the listing expenses of the Group arising from its initial public offering during the year.

Benefiting from the Group's intensive management and strict management of expenses during the year, the administrative expenses as a percentage of revenue has decreased. After excluding the impact of one-off listing expenses of approximately RMB22.0 million, the administrative expenses as a percentage of total revenue decreased by 3.3 percent to 10.3% for the year from 13.6% for the year ended 31 December 2019.

5. Selling and Marketing Expenses

For the year ended 31 December 2020, the Group's selling and marketing expenses amounted to approximately RMB28.8 million, representing an increase of approximately RMB10.1 million from approximately RMB18.7 million for the year ended 31 December 2019. The increase was mainly due to the increase in marketing personnel costs and related expenses of brand promotion arising from the Group's efforts in market expansion business during the year.

6. Other Income and Expenses

The Group's other income and expenses primarily include (i) interest income from loans to a related party; (ii) government grants, which represents financial support from local government for business development.

For the year ended 31 December 2020, the Group's other income and expenses amounted to approximately RMB56.8 million, representing an increase of approximately RMB20.2 million (approximately 55.1%) from approximately RMB36.6 million for the year ended 31 December 2019. The increase was mainly attributable to (i) the increase in government grants by approximately RMB13.5 million as compared with that for the year ended 31 December 2019, as a result of the expansion of the Group's business scale and the impact of the COVID-19 epidemic during the year; (ii) the increase in interest income from the provision of loans to related parties by approximately RMB6.5 million.

7. Finance Income/(Costs), Net

The Group's finance income mainly represents the interest income on bank deposits, and finance costs mainly represent interest of lease liabilities charged to profit or loss over the lease period under certain of its lease arrangements.

For the year ended 31 December 2020, the Group's net finance income amounted to approximately RMB10.5 million, as compared to net finance costs of approximately RMB11.9 million for the year ended 31 December 2019. The change was mainly because the average balance of bank deposits for the year was higher than the level of the same period last year, resulting in the increase in interest income on the Group's deposits by approximately RMB11.2 million; and the Group did not incur interest expense of asset-backed securities during the year ended 31 December 2020 with the asset-backed securities having been fully repaid in 2019, as compared with approximately RMB11.1 million for the year ended 31 December 2019.

8. Net Profits

For the year ended 31 December 2020, the Group's net profits amounted to approximately RMB625.7 million, representing an increase of approximately RMB355.8 million (approximately 131.8%) from approximately RMB269.9 million for the year ended 31 December 2019, and the net profit margin was approximately 13.5%, representing an increase of 4 percent from approximately 9.5% in 2019. In particular, the profit attributable to owners of the Company was approximately RMB600.9 million, representing an increase of approximately RMB331.0 million (approximately 122.6%) as compared to approximately RMB269.9 million for the year ended 31 December 2019. After excluding the impact of one-off listing expenses of approximately RMB19.5 million, the profit attributable to owners of the Company was approximately RMB620.4 million, representing an increase of approximately RMB350.5 million (approximately 129.8%) as compared with that for the year ended 31 December 2019.

The significant increase in the Group's net profit and net profit margin for the year was mainly attributable to the revenue growth brought by the continuous increase in GFA under management, the increase in gross profit margin brought by economies of scale and cost control measures, and the decrease in the administrative expenses as a percentage of total revenue brought by expense control measures.

9. Intangible Assets

The Group's intangible assets mainly include goodwill resulting from equity acquisitions, customer relationships, brands, software and others.

As at 31 December 2020, the Group's intangible assets amounted to approximately RMB1,317.8 million, representing an increase of approximately RMB1,254.6 million as compared with approximately RMB63.2 million as at 31 December 2019, which was mainly attributable to the completion of the acquisitions of equity interests in New Century Property Management during the year. These acquisitions generated goodwill of approximately RMB1,020.2 million, customer relationships of approximately RMB195.6 million and brands of approximately RMB47.3 million.

10. Trade and Other Receivables

Trade and other receivables include trade receivables and other receivables.

As at 31 December 2020, the Group's net trade and other receivables (including current and non-current) was approximately RMB1,384.1 million, representing an increase of approximately RMB456.9 million as compared with approximately RMB927.2 million as at 31 December 2019, which was mainly due to the significant increase in the Group's net trade receivables that is in line with the increase in total revenue, which increased by approximately RMB463.8 million to approximately RMB1,050.1 million as at 31 December 2020 from approximately RMB586.3 million as at 31 December 2019.

11. Trade and Other Payables

Trade and other payables include trade payables, payroll and welfare payables, other tax payable, deposits payable, temporary receipt on behalf and amounts due to related parties.

As at 31 December 2020, the Group's trade and other payables (including current and non-current) were approximately RMB1,942.8 million, representing an increase of approximately RMB856.2 million from approximately RMB1,086.6 million as at 31 December 2019, which was mainly due to the increase in trade payables, payroll and welfare payables and consideration payable for the acquisition of New Century Property Management.

Trade payables mainly represent the amounts payable for goods or services purchased from suppliers in the ordinary course of business, including procurement of labor outsourcing, material and utilities. As at 31 December 2020, the Group's trade payables amounted to approximately RMB374.0 million, representing an increase of approximately RMB127.6 million from approximately RMB246.4 million as at 31 December 2019, which was mainly attributable to the increase in procurement expenses due to the expansion of the business scale of the Group.

Payroll and welfare payables increased to approximately RMB445.9 million as at 31 December 2020 from approximately RMB298.4 million as at 31 December 2019, which was mainly due to the corresponding increase in the number of employees of the Group with the expansion of business scale.

12. Liquidity, Financial and Capital Resources

As at 31 December 2020, the Group's total bank deposits and cash (including restricted bank deposits) amounted to approximately RMB9,378.5 million, representing an increase of approximately RMB8,288.3 million from approximately RMB1,090.2 million as at 31 December 2019, which was mainly due to the proceeds from the Listing of approximately RMB7,592.4 million and contribution of operating cash flow of approximately RMB1,023.7 million during the year.

As at 31 December 2020, the Group's net current assets (current assets less current liabilities) amounted to approximately RMB8,058.5 million (31 December 2019: approximately RMB367.1 million). The Group's current ratio (calculated by dividing current assets by current liabilities) was approximately 3.7 times (31 December 2019: approximately 1.2 times).

As at 31 December 2020, the Group had no loans or borrowings (31 December 2019: Nil).

The Group met and expects to continue meeting its operating capital, capital expenditure and other capital needs with cash generated from operations and proceeds from the Listing.

13. Interest Rate Risk

As the Group has no material interest-bearing assets and liabilities, the Group's income and operating cash flows are substantially independent from changes in market interest rates.

14. Foreign Exchange Risks

The Group's operating activities are principally conducted in the PRC and most of its operations are denominated in RMB. The Group will closely monitor the fluctuations of the RMB exchange rate and give prudent consideration as to entering into currency swap arrangement as and when appropriate for hedging corresponding risks. As at 31 December 2020, the Group had no significant foreign exchange rate risk and had not engaged in hedging activities for managing foreign exchange risk.

15. Pledge of Assets

As at 31 December 2020, none of the assets of the Group were pledged.

16. Contingent Liabilities

As at 31 December 2020, the Group did not have any material contingent liabilities.

BUSINESS REVIEW AND OUTLOOK

Review of 2020

2020 was a year of transformation for the property management industry and the Group. During the year, in face of the outbreak of the COVID-19 pandemic, property management enterprises actively undertook social responsibilities, committed to discharging their duties and devoted mass manpower, materials and financial resources to jointly prevent and control the pandemic with the communities, serving as key defense line in containing the pandemic. The fight against the epidemic has deepened the trust between property owners and property management enterprises, established the key position of the property management industry in the social governance system, promoted the entire society to have an in-depth knowledge and understanding of the capability and value of the property management industry and stimulated the greater development potential of the property management industry. The PRC government has issued positive documents to promote the long-term and healthy development of the property management industry. While specifying requirements on the standardization of the industry, the PRC government also set out recommended development directions, including the marketization trend of property management fees, the development of living services and strengthening the development of intelligent property management service capabilities. Under the background of the increasingly recognition of the industry, the capital market has been optimistic about the property management industry. Leveraging on the capital strength, leading property management enterprises rapidly expanded their market shares and industry consolidation and optimization are accelerating.

2020 was the first year for the Group being traded on the Main Board of the Stock Exchange. With the development of the industry, the Group recorded an overall high-speed and high-quality performance growth, taking a solid step in the long-term high-quality development.

For the year ended 31 December 2020, the Group recorded revenue of approximately RMB4,623 million, representing a year-on-year increase of approximately 63.5%. Gross profit reached approximately RMB1,275 million, representing a year-on-year increase of approximately 77.0%. It achieved a net profit of approximately RMB626 million, representing a year-on-year increase of approximately 131.8%, of which, the profit attributable to the owners of the Company was approximately RMB601 million, representing a year-on-year increase of approximately 122.6%. Basic earnings per share attributable to the owners of the Company was approximately RMB0.25, representing a year-on-year increase of approximately 108.3%. The Group's three major business segments, namely property management services, value-added services to non-property owners and community living services, supplemented each other and jointly contributed to the increase in revenue, gross profit and gross profit margin of the Group.

As of 31 December 2020, the GFA under management of the Group was approximately 135 million sq.m., representing a year-on-year increase of approximately 155.1%; and the contracted GFA was approximately 264 million sq.m., representing a year-on-year increase of approximately 67.2%. Property projects under the Group's management were located in 89 cities in the PRC and the area of projects in first- and second-tier cities accounted for approximately 86%. The rapid expansion of the Group's management scale was attributable to the continuous and stable area transformation based on the outstanding development capability of its parent company, as well as the increasing efforts of the Group in expanding into external markets.

Based on the solid endogenous resources provided by its parent company, the Group officially initiated the marketization progress for external development in 2020. During the year, it successfully completed the acquisition of New Century Property Management, which rapidly increased the area under management of the Group, significantly enhanced the management density of the Group in the Yangtze River Delta and provided strong guarantees to the rapid and further development of the Group in the region. New Century Property Management has quantities of high-quality non-residential projects, assisting the Group in achieving deployment in the non-residential industry with a high starting point. Leveraging on its reputation for high-quality services accumulated for a long term and its gradually mature expansion mechanism, the Group has made achievements in strategic cooperation, market bidding and M&As with a steady increase in the number of third-party projects. As of 31 December 2020, the GFA under management of the Group from third-party projects accounted for 32.1%, representing an increase of 31.5 percent as compared with the corresponding period of last year. Meanwhile, with the increase in the number of third-party projects, the property management project portfolio of the Group has increasingly diversified, covering commercial properties, office buildings, government authorities, hospitals, schools, industrial parks, expressway service stations, parks, amusement parks, hotels and other non-residential properties.

With the rapid growth of scale, the proportion of the Group's revenue from property management services increased by 19.4 percent to approximately 60.0% as compared with the corresponding period of last year. High-quality services have been one of the core strategies of the Group for a long time. In 2020, the Group continued to prioritize the demands of property owners. Through an all-round quality management system and standard and technology-based management measures, the Group maintained industry-leading level in terms of the quality of property management services. The Group created a "Livable Community" featuring cooperation, sharing and prosperity through various online and offline social groups and community activities. According to a report by FG Consulting, an independent third-party professional consultancy, the Group's property service satisfaction rate was 90% in 2020, maintaining the benchmark level in the industry. The Group continuously advanced lean management and actively promoted

the construction of smart communities, which further optimized costs and improved management efficiency while enhancing customer experience. The gross profit margin of the property management services of the Group for the year ended 31 December 2020 significantly increased by approximately 9.8 percent to 21.6% from that of 2019.

In 2020, the Group expanded the service boundary of its property management industry with the focus on the demands of property owners and advantageous sectors in the industry, and deeply explored the value of community living services. During the year, the Group's community living services were more diversified. Centering on property owners, assets and community space, the Group provided services covering the entire business chains and scenarios, including housekeeping, decoration, renovation, community advertisement, property agency and other services. While extending the value of the professional capability of the property management industry, it also increased the value of assets and community space for property owners. As of 31 December 2020, the area of the Group's projects under management in first- and second-tier cities accounts for 86% and the average property management fee was approximately RMB3 per sq.m. per month, and it had nearly 700,000 property owners with high consumption capacity and diversified demands, which serves as the foundation and advantage for the development of its community living service business. For the year ended 31 December 2020, the gross profit from community living services accounted for 6.4% of the total gross profit of the Group, representing an increase of 1.3 percent from the corresponding period of last year. The gross profit margin of the community living services increased by approximately 11.7 percent to 46.3% as compared with the corresponding period of last year.

Outlook for 2021

Ten ministries and commissions, including the Ministry of Housing and Urban-Rural Development, jointly issued the Notice on Strengthening and Improving the Residential Property Management (《關於加強和改進住宅物業管理工作的通知》) (the "Notice") at the end of 2020, which encourages enterprises to improve the level of property management services and develop life service industry, clarifies the integration of property management into the grassroots social governance system, improves the governance structure of owners' committees, and further regulate the use and management of maintenance funds and strengthen the direction of property service supervision and management. In 2021, the property management industry will maintain the high-quality trend with high growth, high certainties and favorable policies.

In 2021, scale expansion will remain as the strategic basis for the development of property management enterprises. With the support and standardization of national policies on the establishment of property owners' associations in communities and the increasing concerns of property owners over high-quality community services, it is expected that more and more stock projects will be introduced into the market, providing opportunities and potential for the expansion of the bidding market. Meanwhile, driven by the requirements of policies and regulations and capitals, the competition among property management enterprises will be further intensified and leading enterprises will enjoy more competitive advantages. It is expected that the industrial concentration will be improved rapidly. Under the regulation of policies on the real estate industry, the survival pressures on small and medium real estate enterprises will rise and M&A opportunities on property management enterprises affiliated to them will increase gradually. The Group will seize development opportunities and focus on promoting marketization results. Tactically, the Group will give full play to its reputation for high-quality services, take advantage of the joint resources of its parent company, leverage on its rich management experience on various properties and expand third-party projects through various channels by means of bidding, strategic cooperation and M&As. Strategically, the Group will continue to focus on core cities with presence, improve the management density, actively develop non-residential properties with industrial barriers and explore urban services from point to surface. In terms of M&As, the Group will select outstanding enterprises with large scale, high quality and supplementary capabilities and rapidly enhance the comprehensive competitiveness of the Group while expanding the scale.

The Notice encouraged property management enterprises to extend to elderly care, children care, housekeeping, health, property brokerage and other industries and explore the "property services + living services" model to meet the diversified and multi-layered housing and living demands of residents, which is in line with the current deployment and future strategies of community living services of the Group. In 2021, the Group will link and integrate its advantage in resources and focus on enhancing consumers' loyalty to demanding and frequent services, such as housekeeping, decoration, community e-commerce and other products and services. The Group will further expand the width of services based on the relevance of customer demands, explore and promote elderly care, convenient medical services for the public and other services. Meanwhile, it will promote assets and other value-added services with fewer frequency and high revenue for high-net-worth customers of the Group to provide living services covering all business chains and the full cycle, which will become a new growth point of the Group.

The establishment of the community living service business is based on high loyalty of customer groups while loyalty of customers is based on the recognition over the quality of property services. Meanwhile, with the intensified marketization of the property service industry, service quality is playing a more and more important role in the expansion of third-party projects. However, relevant policies on the property service industry are also leading the improvement of the property service quality and implement a dynamic adjustment mechanism on the price of property management services. As a result, high-quality and differentiated value services propose higher requirements on enterprises. In 2021, the Group will continue to maintain high-quality services as permanent competitive advantages. With offline service capabilities and quality as basis, the Group will further refine the hierarchical management of services, build high-end and featured benchmark projects and rapidly develop the “online + offline” integrated service capability. The Group will also concentrate on the establishment of the operation platform for property owners, develop the membership system and provide property owners with more accurate and differentiated services through the interaction with them, the collection of their information and the improvement of their portrayals. While enhancing property owners’ satisfaction with property services, it will also create more revenue from value-added services.

In 2021, the Group will further improve the establishment of the information-based management platform. While improving the management efficiency, it will integrate the data and information on the functional and operational systems and explore data value. The Group will continue to be devoted to empowering services and operation with mechanized and intelligent technologies, and consistently refine and improve new technologies in their application in actual scenarios to ensure the availability of technologies, and enhance the operation efficiency of enterprises and customer experience. It will also output technical services for the industry and develop a platform for sharing digital and intelligent property services to meet the demands of property owners, practitioners, partners and the government under different scenarios, and the operation and management demands.

The Group continues to deepen the adjustment and reform of its organizational structure to stimulate organizational vitality. At the beginning of 2021, the Group has started to adjust its original structure of “7 Regions + New Century + Huanrong” to the “15 Regions + Hospital Division” structure to support further cultivation of the regions and improve the effectiveness and efficiency of management. At the same time, the Group will create an efficient, collaborative, flexible and innovative organizational atmosphere driven by culture to provide strong support for the rapid development of new businesses, and implements attractive incentive mechanisms to promote the continuous release of the team’s potential and create outstanding performance, and establish the mechanism of echelon training and talent introduction that supports the Company’s long-term development.

Going forward, in this new development stage of the industry, the Group will definitely become a premier comprehensive property service brand, linking to a better life with its continuously enhanced capacity for scale growth, property services, lifestyle services, technology application and organizational competitiveness.

Business Overview

As at 31 December 2020, the contracted GFA of the Group was approximately 264 million sq.m. covering 137 cities across 29 provinces, autonomous regions and municipalities in China. As at 31 December 2020, the Group's GFA under management was approximately 135 million sq.m., approximately 86% of which was located in first- and second-tier cities. The table below sets out the contracted GFA and the GFA under management of the Group in the following major cities as at 31 December 2020:

City	Contracted GFA ('000 sq.m.)	Percentage	GFA under management ('000 sq.m.)	Percentage
Hangzhou	23,517	8.9%	17,198	12.7%
Chongqing	20,879	7.9%	15,381	11.4%
Tianjin	11,000	4.2%	9,054	6.7%
Qingdao	10,017	3.8%	2,887	2.1%
Taizhou	8,201	3.1%	6,356	4.7%
Jinan	8,093	3.1%	2,958	2.2%
Wuhan	7,722	2.9%	2,286	1.7%
Meishan	7,327	2.8%	2,960	2.2%
Chengdu	6,932	2.6%	4,061	3.0%
Wuxi	6,690	2.5%	5,176	3.8%
Kunming	6,479	2.5%	2,254	1.7%
Zhengzhou	6,104	2.3%	1,824	1.4%
Xuzhou	6,024	2.3%	4,024	3.0%
Harbin	5,929	2.2%	4,358	3.2%
Shaoxing	4,865	1.8%	3,265	2.4%
Ningbo	4,643	1.8%	1,814	1.3%
Xi'an	4,003	1.5%	2,730	2.0%
Nanchang	3,972	1.5%	1,834	1.4%
Hefei	3,824	1.4%	2,390	1.8%
Jiaxing	3,664	1.4%	2,526	1.9%
Shijiazhuang	3,565	1.4%	1,335	1.0%
Shanghai	3,482	1.3%	2,885	2.1%
Nanning	3,341	1.3%	1,617	1.2%
Yantai	3,339	1.3%	987	0.7%

City	Contracted GFA (' 000 sq.m.)	Percentage	GFA under management (' 000 sq.m.)	Percentage
Guiyang	3,278	1.2%	375	0.3%
Kaifeng	3,198	1.2%	2,275	1.7%
Beijing	2,952	1.1%	2,491	1.8%
Taiyuan	2,942	1.1%	1,091	0.8%
Shenyang	2,724	1.0%	1,898	1.4%
Wenzhou	2,371	0.9%	1,118	0.8%
Guangzhou	2,304	0.9%	1,388	1.0%
Jinhua	2,105	0.8%	492	0.4%
Yinchuan	2,020	0.8%	558	0.4%
Other cities	66,254	25.2%	21,255	15.8%
Total	263,760	100.0%	135,101	100.0%

OTHER INFORMATION

ANNUAL GENERAL MEETING, FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company for the year ended 31 December 2020 (the “AGM”) is scheduled to be held on Thursday, 27 May 2021. A notice convening the AGM will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.sunacservice.com), and will be issued and disseminated to the Shareholders within such time and in such manner as required under the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

For the purpose of determining the eligibility of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 21 May 2021 to Thursday, 27 May 2021 (both days inclusive), during which period no transfer of shares of the Company (the “**Shares**”) will be registered. In order to qualify for attending and voting at the AGM, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, 20 May 2021.

The Board recommended a final dividend of RMB5.8 cents per ordinary share totalling approximately RMB180 million for the year ended 31 December 2020. The proposed final dividend is subject to the approval of the Shareholders at the AGM, and is expected to be paid by cash on or around Thursday, 15 July 2021. The proposed final dividend will be paid in HKD, and such amount will be calculated by reference to the central parity rate published by the People's Bank of China for the conversion of RMB to HKD on Thursday, 27 May 2021.

Upon obtaining approval of the Shareholders at the forthcoming AGM, for the purpose of determining the Shareholders' entitlement to the final dividend for the year ended 31 December 2020, the register of members of the Company will be closed from Thursday, 24 June 2021 to Tuesday, 29 June 2021 (both days inclusive), during which period no transfer of shares of the Company will be registered. For the purpose of determining the entitlement to the final dividend for the year ended 31 December 2020, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 23 June 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date to 31 December 2020.

EVENTS AFTER THE REPORTING PERIOD

The Group did not have material subsequent events.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, the Group had 27,909 employees. The Group's employee remuneration policy is determined by reference to factors such as remuneration standard of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and employee performance. The Board of the Company will review the remuneration policy from time to time. The Group conducts annual performance appraisals for its employees, the results of which are applied in annual salary and promotional assessment. Social insurance is paid by the Group for its employees in mainland China in accordance with the relevant PRC regulations.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix 10 to the Listing Rules as the guidelines for the Directors’ dealings in securities of the Company since the Listing. Following specific enquiries of all Directors, all Directors confirmed that they have complied with the required standards as set out in the Model Code in relation to their securities dealings since the Listing Date and up to 31 December 2020, if any.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code (the “**Corporate Governance Code**”) contained in Appendix 14 to the Listing Rules as its own code on corporate governance since the Listing and had, since the Listing Date and up to 31 December 2020, complied with all applicable code provisions of the Corporate Governance Code.

The Board recognises and appreciates the importance and benefits of good corporate governance practices and has adopted corporate governance and disclosure practices for achieving a higher standard of transparency and accountability. The Board members will have regular discussions about the performance and business strategies of the Group. They, together with the relevant senior executives of the Company, have also attended appropriate trainings on the Listing Rules and other regulatory requirements. The Company has established an internal reporting practice within the Group in order to monitor the operation and business development of the Group.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the Listing Rules and the code provisions of the Corporate Governance Code. The Audit Committee currently consists of three independent non-executive Directors, namely, Mr. Yao Ning, Ms. Wang Lihong and Mr. Zhao Zhonghua, and is chaired by Mr. Yao Ning who possesses the qualification of professional accountant. The primary duties of the Audit Committee are to assist the Board to fulfill the functions of reviewing and monitoring the financial reporting procedure, internal control and risk management systems of the Company, to review the corporate governance policies and implementation of the Group and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed matters concerning the audit, internal control and risk management systems and financial reporting, including reviewing the Group's annual results for the year ended 31 December 2020.

REVIEW OF RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2020 as set out in this results announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.sunacservice.com). The Company's 2020 annual report along with the AGM circular, the notice of AGM, the proxy form and such documents will be published on the aforementioned websites and despatched to Shareholders in due course.

By order of the Board
Sunac Services Holdings Limited
Wang Mengde
Chairman

Hong Kong, 11 March 2021

As at the date of this announcement, the chairman of the Board and non-executive Director is Mr. Wang Mengde; the executive Directors are Ms. Cao Hongling, Mr. Chen Bin and Ms. Yang Man; the non-executive Director is Mr. Gao Xi; and the independent non-executive Directors are Ms. Wang Lihong, Mr. Yao Ning and Mr. Zhao Zhonghua.