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.

世茂服務
SHIMAO SERVICE

SHIMAO SERVICES HOLDINGS LIMITED
世茂服務控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 873)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

RESULTS HIGHLIGHTS

1. Revenue amounted to RMB5,025.7 million, representing a year-on-year increase of 101.9% as compared to RMB2,489.1 million for the year ended 31 December 2019.

2. Revenue of the Company was derived from our three principal business lines: (i) property management services; (ii) community value-added services; and (iii) value-added services to non-property owners. During the year, (i) the revenue generated from property management services amounted to RMB2,712.4 million, accounting for 54.0% of the Company's revenue, representing a year-on-year increase of 126.1% as compared to RMB1,199.4 million for the full year 2019; (ii) the revenue generated from community value-added services amounted to RMB1,600.6 million, accounting for 31.8% of the Company's revenue, representing a year-on-year increase of 146.8% as compared to RMB648.6 million for the full year 2019; and (iii) the revenue generated from value-added services to non-property owners amounted to RMB712.7 million, accounting for 14.2% of the Company's revenue, representing a year-on-year increase of 11.2% as compared to RMB641.1 million for the full year 2019.

3. Gross profit reached RMB1,577.7 million, representing an increase of 88.3% as compared to RMB838.1 million for the year ended 31 December 2019.

4. Operating profit amounted to RMB897.1 million, representing an increase of 72.1% as compared to RMB521.2 million for the year ended 31 December 2019.

5. Profit for the year amounted to RMB724.3 million, representing an increase of 88.4% as compared to RMB384.5 million in 2019. During the year, profit attributable to the Company's equity shareholders was RMB693.0 million, representing an increase of 80.2% as compared to RMB384.5 million in 2019.

6. As at 31 December 2020, the Company's GFA under management to which we offered property management services was 146.1 million sq.m., representing an increase of approximately 114.4% as compared to approximately 68.2 million sq.m. as at 31 December 2019; the Company's contracted GFA was approximately 201.1 million sq.m., representing an increase of approximately 99.4% as compared to approximately 100.9 million sq.m. as at 31 December 2019.

7. The Company's cash and cash equivalents amounted to RMB5,830.0 million as at 31 December 2020 representing an increase of 586.2% as compared to RMB849.6 million as at 31 December 2019.

8. The Board recommended the payment of a final dividend of HK11 cents per share for 2020, representing a payout ratio of 31%.

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present the results announcement of Shimao Services Holdings Limited ("Shimao Services", "Shimao" or the "Company", together with its subsidiaries, the "Group") for the year ended 31 December 2020.

Market and Outlook

In 2020, property management companies bravely shouldered their responsibility amidst the COVID-19 pandemic. As an indispensable assistant to property owners in their daily life, these companies stationed a solid defense line to maintain security and ensure a stable life for property owners, making critical contributions to social peace and stability.

With that in mind, ten ministries and commissions such as Ministry of Housing and Urban and Rural Development and the National Development and Reform Commission of the PRC jointly issued the Notice on Strengthening and Improving Residential Property Management (關於加強和改進住宅物業管理工作的通知) in 2021, which proposed faster development of the property service industry and promote the upgrade of property service to deliver high quality and greater diversity. Having received the attention of the government and the society, the property service industry is embracing a historic moment of opportunities in its development.

We believe that property management services enterprises will keep bolstering industry management and service through a range of approaches such as science and technology, as well as management and operations enhancement. With sustained efforts to explore new modes and areas of property service, these companies are set to pursue their development by entering into more spheres such as municipal services, elderly care, child care, housekeeping, culture, health and housing brokerage, in a bid to meet the diverse and multilevel needs of residents in their daily life. Such efforts also help the government in building modern smart cities and realize the vision of a better life.

Annual Results

2020 was destined to be an extraordinary year, in which Shimao Services kept surpassing itself by braving the pandemic-induced difficulties and reaching record new highs. The Company recorded revenue of RMB5,025.7 million, representing a year-on-year increase of 101.9%. Its net profit amounted to RMB724.3 million, with a year-on-year increase of 88.4%. Net profit attributable to the parent was RMB693.0 million, representing a year-on-year increase of 80.2%. Gross floor area ("GFA") under management amounted to 146.1 million sq.m., representing a year-on-year growth of 114.4%, and contracted GFA reached 201.1 million sq.m. with a year-on-year uptick of 99.4%.

Fruitful Three Years

2020 concluded the first "Three-Year Development Plan" for Shimao Services. With three years of development, Shimao Services has attained notable accomplishments.

Swift and High-quality Growth

In the past three years, Shimao Services sustained its transformation and breakthroughs and recorded swift high-quality growth. Operating revenue advanced from RMB1,329.3 million in 2018 to RMB5,025.7 million in 2020, representing a compound annual growth rate ("CAGR") of 94.3%; and net profit grew from RMB146.2 million in 2018 to RMB724.3 million in 2020, with a CAGR of 122.7%. With a span of three years, the Company has experienced a five-fold growth and captured a leading position within the industry.

Our revenue from community value-added services increased from RMB94.7 million in 2018 to RMB1,600.6 million in 2020 with an increase of approximately 16 times, lifting its percentage of total revenue from 7.1% to 31.8%. We also upgraded our business structure and boosted our business capabilities, as we managed to develop value-added service brands such as "IoT Technology" and "SUNIT New Life" (世集新生活).

In respect of management scale, our GFA under management increased from 45.0 million sq.m. in 2018 to 146.1 million sq.m. in 2020, which represented a CAGR of 80.3% during the period. Our contracted GFA expanded even more rapidly from 60.4 million sq.m in 2018 to 201.1 million sq.m. in 2020, representing a CAGR of 82.5%.

We have established a professional and efficient team, coupled with ramping up the quality of basic services and optimizing the service system, which brought about the leapfrog development of our service quality and satisfaction among property owners. With respect to third parties, their satisfaction surged from 81 points in 2018 to 89 points in 2020, catapulting our Group to the top level in the industry.

Support from the Shimao Group

Backed by our parent Shimao Group Holdings Limited and its subsidiaries (collectively, "Shimao Group"), Shimao Services has been on the rise. Shimao Group stands as one of the top eight comprehensive real estate companies in the PRC and one of the fastest growing real estate companies, with a CAGR of 43.8% in contract sales over the past four years. Shimao Group focuses on tier-one, new tier-one as well as tier-two cities, to provide high-quality residential products for the mid to high-end clientele. The speedy development of the parent company has brought a large number of high-quality potential management areas for Shimao Services. Its mid to high-end positioning has also ushered in premium users and assets for Shimao Services in advance, thus laying the foundation for developing value-added services and creating more space.

Owing to its advantageous brand, Shimao Group has brought abundant resources to the Company. Prior to its listing, the Company introduced strategic investors such as Sequoia and Tencent, as well as cooperative resources through successful acquisition of Hailiang Property Management Co., Ltd. ("Hailiang Property"), Guangzhou Yuetai Property Services Co., Ltd. and Beijing Guancheng Hotel Management Co., Ltd. etc., in addition to a diverse cohort of opportunities to undertake internal and external business.

Scale Expansion

We have developed the new market of third parties customers. Shimao Services has grown its capabilities and management system for market development. It has achieved effective expansion within and across the industry by forming a professional team, improving the management system and setting up a leading incentive mechanism, which have swiftly taken shape. In 2020, we saw drastic advancement in our property management services of third-party bidding, with our contracted GFA up by 23.5 million sq.m. and a variety of operations such as housing, schools, hospitals and industrial parks in our coverage.

Shimao Services has seized the market opportunity and effectively expanded its management through mergers and acquisitions ("M&A"). Since its first acquisition of Hailiang Property in July 2019, Shimao Services has successfully acquired 12 property management companies and about 89.6 million sq.m. of contracted GFA. The Company has also risen to leadership in such segments as schools. By growing its capabilities as a comprehensive property management service provider, Shimao Services has been adequately prepared for establishing its presence in municipal service.

Capacity Development

- *An industry pioneer in refined management*

  Boost efficiency through management. By employing such managerial approaches as "Internal Marketization", "Grid Unit Management" and "Independent Accounting for Each Grid Unit", Shimao Services has changed the original grassroots management methods of the property management industry. Mutual supervision and facilitation among the grids has effectively lifted the efficiency of grassroots operations. Further, the design of a leading system for incentives and appraisal has balanced efficiency with quality.

- *First-class integration capability in the industry*

  Ability creates opportunities. Our industry-leading capabilities in refined management provide much-needed assurance to the integration of M&A. We were engaged in a series of integration efforts in our acquired companies, such as organizational structure adjustment, standard implementation, management empowerment and operations improvement, so that they largely met the "Shimao Standard". Most of such acquirees saw their net profit margins rise by an average rate of 30.3%. Shimao Services has realized the export and empowerment of its management capabilities to other companies.

- *Development of pillar capabilities*

  We keep growing our competitive edge in value-added services, as we evolve from piloting in multiple areas to developing pillar capabilities. By doing so, Shimao Services has developed four prominent businesses, namely smart community solutions, campus value-added services, carpark asset operation services and new retail. From a multidimensional perspective, we center on users, assets and space to provide services for the entire life cycle. With pillars and new capabilities in place, the Company will embrace broader prospects.

New Three-Year Strategy

In line with "user-oriented, product-centric and driven by digitization and intelligence" as its service concepts, Shimao Services will implement a fresh development strategy, whereby its management and business development will revolve around the five cores of "central city", "product optimization", "cost control", "refined management" and "talent development".

Better Smart Life

Committed to the concept of "BETTER SMART LIFE", we will concentrate our services on user, assets and cities and work to develop three business segments, namely basic property management services, value-added services and smart city services. As such, a "1+1+X" business system will take shape. Our business system will focus on basic property services, with the scale amplified through "internal growth and external expansion", which is to take place in tandem with quality and efficiency enhancement. In addition, we seek to cultivate our professional capabilities by establishing our presence in high-potential channels with a focus on users and assets, to drive the development of value-added services. Going forward, we will meet the government's demand for municipal services and explore the provision of more intensive services for the government and enterprises, as we grow our presence in smart municipal services.

New Growth Engine

Municipal service will become the new growth engine for the Company, as the Company seeks to become the municipal services manager and provide one-stop municipal services such as sanitation and greening, road and bridge maintenance and urban lighting. As an assistant of municipal asset management, we will activate idle resources in the community and expand value-added services in urban space. As a partner in urban development, we will participate in investment introduction for major projects, to help develop new towns and districts.

Five Core Strategies

Central city strategy. The five central cities of "Wuhan, Xi'an, Tianjin, Hangzhou and Fuzhou" will be regarded as our footholds, where we vigorously work our external expansion to render them important engines for the Company's scale growth.

Product optimization strategy. Based on the needs of our users, we will constantly optimize product design to meet a variety of high-end demands of our customers, provide stable and superior quality. We will also remove barriers in technology, management and resources to bring users such product value and experience that exceed their expectations and achieve a win-win situation.

Cost control strategy. We will enhance our efficiency at lower costs through supply chain integration, such as process optimization, centralized procurement, one post with multiple functions, and platform empowerment.

Refined management strategy. We will improve our management system in aspects such as organization, process, performance evaluation and improvement, as well as corporate culture. We will strengthen the control of key functions and enhance the delegation of key authority; streamline processes and improve efficiency; optimize performance evaluation principles and assessment models to balance short-term, medium-term and long-term results. We will establish an analytical system for operations at all levels, to achieve a closed loop for problem identification, analysis and solving, and improve our performance.

Talent development strategy. Based on the requirements for different types of talents in our business development, we carry out talent training and the development of our selection and appointment system. With dynamic management and unified standards, we will achieve a consensus on talent strategy; and by competitive recruitment for positions, we will achieve cross-regional mobility. In talent identification and selection, we will clearly define our appointment criteria, and realize talent mobility through "strategy attainment and performance improvement" step by step.

Shimao Services has achieved a resounding success with its first "Three-year Development Strategy" with a greater scale and higher quality. In 2021, Shimao Services will embark on a new journey, to provide quality services that focus on "users" and "assets", serve as a smart municipal service provider and putting its second "Three-year Development Plan" into practice.

Social Responsibility

With strength and commitment, Shimao Services remains attentive to fulfilling its corporate social responsibility as a responsible member. In the wake of the epidemic, about 12,000 Shimao Services employees voluntarily gave up their holidays to work on the front line against the epidemic. They contributed over 1.26 million service hours and protected the safety of nearly 3.2 million property owners and users nationwide. We actively participated in national poverty alleviation and were awarded the title of "Vice Chairman of China Community Poverty Alleviation Alliance" (中國社區扶貧聯盟副主席單位). We also engaged ourselves in the scheme named "Join Hands with Tibetan Children" (藏區青苗牽手計劃), under which we acquired 60 mu of highland barley land in Tibet to contribute to poverty alleviation in Tibet.

Final Dividend

To give back to our shareholders for their support, the board of directors of the Company (the "Board") has proposed a final dividend of HK11 cents per share to share the joy of the Company's growth with every shareholder.

Acknowledgement

In 2020, Shimao Services was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and was recognized by the capital market as the then largest initial public offering of a property management company. On behalf of the Board, I would like to extend my heartfelt gratitude and deepest respect to our shareholders, business partners, local governments, property owners and customers for their valuable support and contributions.

In 2021, Shimao Services will continue to uphold the Shimao spirit of "Pioneering, Down-to-earth and Prudent", scale new heights and achieve greater breakthroughs.

Hui Sai Tan, Jason
Chairman

Hong Kong, 15 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

BUSINESS OVERVIEW

The Group is a leading comprehensive property management and community living service provider in the PRC. In 2020, the Group recorded substantial high-quality growth, and maintained premium property management services in tandem with swift growth in various financial indicators and GFA under management. For the year ended 31 December 2020, the Group recorded operating revenue of RMB5,025.7 million, representing year-on-year growth of 101.9%, and profit for the year of RMB724.3 million, representing year-on-year growth of 88.4%. As at 31 December 2020, our contracted GFA and GFA under management were 201.1 million sq.m. and 146.1 million sq.m. respectively, representing respective year-on-year increases of 99.4% and 114.4% as compared with 2019.

Our business encompasses various types of properties, including residential and non-residential properties (such as schools, hospitals and government buildings), as well as other special customized services of superior quality.

In line with our concept of "BETTER SMART LIFE", we strive to become a city service provider delivering quality services for "users" and "assets". We remain attentive to the living experience and perception of every property owner and user, and lift customer satisfaction with our constant sincerity and refined services.

Our Group has three main business lines: (i) property management services; (ii) community value-added services; and (iii) value-added services to non-property owners.

➢ PROPERTY MANAGEMENT SERVICES

- **Representing 54.0% of total revenue and 46.7% of total gross profit**

  During the year, the Group's revenue from property management services amounted to RMB2,712.4 million, representing an increase of 126.1% from RMB1,199.4 million in 2019 mainly as a result of the rapid growth of area under management.

  Gross profit from property management services was RMB736.1 million, representing an increase of 111.3% from RMB348.3 million in 2019; and gross profit margin was 27.1%, representing a slight decrease of 1.9 percentage points from 29.0% in 2019, remaining at a high level within the industry.

- **Sustained swift growth in area**

During the year, the Group recorded high growth rates in GFA under management and contracted GFA, laying a solid foundation for it to attain leapfrog growth in revenue. As at 31 December 2020, the Group's GFA under management amounted to 146.1 million sq.m., representing a 114.4% uptick or a net increase of 77.9 million sq.m from 68.2 million sq.m. as at 31 December 2019. There were 535 projects under our management in 104 cities across 28 provinces, municipalities directly under the Central Government and autonomous regions nationwide.

As of 31 December 2020, the Group's contracted GFA was 201.1 million sq.m., representing a 99.4% uptick or a net increase of 100.2 million sq.m. from 100.9 million sq.m. as at 31 December 2019.

The following table sets forth the Group's GFA under management and contracted GFA as of the dates indicated, which are categorized by property developer type as at 31 December 2020 and 31 December 2019, respectively:

As at 31 December	**2020**	**Percentage**	2019	Percentage
GFA under management *(sq.m. in millions)*	**146.1**	**100.0%**	68.2	100.0%
Among which:				
From Shimao Group	**51.5**	**35.2%**	46.9	68.8%
From independent third-party developers	**94.6**	**64.8%**	21.3	31.2%
Contracted GFA *(sq.m. in millions)*	**201.1**	**100.0%**	100.9	100.0%
Among which:				
From Shimao Group	**71.0**	**35.3%**	64.5	64.0%
From independent third-party developers	**130.1**	**64.7%**	36.4	36.0%

- **A property management portfolio of various property types**

  The Group manages various types of properties such as residential and non-residential properties. Non-residential properties mainly include schools, government buildings, complexes, hospitals and industrial parks. In 2020, we seized the market opportunity of non-residential property management and acquired Zhejiang Zheda Sinew Property Services Group Co., Ltd. ("Zheda Sinew"), which ranked 3rd among "Top 100 Campus Property Management Companies in the PRC" (中國校園物業服務百強企業) in terms of overall strength in 2016 by the China Association for Campus Management (中國教育後勤協會). The acquisition further increased the Group's market share in the non-residential property segment of campus properties.

  As at 31 December 2020, our GFA under management of non-residential properties was 59.2 million sq.m., accounting for 40.5% of the Group's GFA under management. The share of non-residential properties in GFA under management grew by 36.3 percentage points compared with 2019.

  The following table sets forth the Group's GFA under management and contracted GFA as of the dates indicated, which are categorized by property type as at 31 December 2020 and 31 December 2019, respectively:

  As at 31 December

	2020		2019	
	GFA under management ***sq.m. in thousands***	**Percentage**	GFA under management *sq.m. in thousands*	Percentage
Residential properties	**86,939**	**59.5%**	65,332	95.8%
Non-residential properties	**59,183**	**40.5%**	2,835	4.2%
Total	**146,122**	**100.0%**	68,167	100.0%

- **A consummate system for managing independent third-party projects and M&A projects**

  In 2020, the Group developed the third-party market vigorously and acquired new contracted GFA of 23.5 million sq.m., representing a major increase from 1.8 million sq.m. in 2019. Projects developed from the third-party market are of high quality, charging a monthly property management fee of up to RMB2.1 per sq.m. on average and accounting for a considerable share of reserved GFA. In the second year of developing the third-party market, the Group attained drastic growth and had great confidence in future market development. For 2021, the Group is expected to obtain more area from its third-party market. At the same time, the Group captured market opportunities and added contracted GFA of 71.0 million sq.m. through M&A.

  As at 31 December 2020, the Group has acquired a total of 12 property management companies. Upon their acquisition, the 12 firms had lower gross profit margins from basic property management services than Shimao's own projects. Following effective integration, execution of Shimao standards and ramping up frontline operational efficiency, all the acquirees attained higher gross profit margins from basic property management services.

- **An industry pioneer with refined operation and management**

  The Group has established a full-cycle, multi-level and multi-dimensional management system with a series of policies, mechanisms, standards and tools. Such a system, as we believe, is conductive to our ability to provide effective and robust management and operation in line with our standards and targets. By promoting "Internal Marketization", "Grid Unit Management" and "Independent Accounting for Each Grid Unit", the Group has established an effective refined management system that can standardize and modularize its property management services. We prepare separate monthly financial reports and operations analysis reports for each grid unit to visualize the operating and financial results of each grid unit, based on which each grid unit prepares variance analysis and updates its budget and performance target for the next month. Such a mechanism is designed to incentivize our employees to take more responsibility in business operations instead of passively following instructions. At the same time, we closely monitor the performance of each grid unit and compare them against its assigned performance targets regarding financial and operational performances as well as customer satisfaction levels. In addition, our personnel are also able to monitor their own performance and compare with other grid units, which can promote healthy competitions among grid units.

  Our management mechanism and tools have effectively optimized our operational efficiency. The application of these policies, mechanisms and tools to newly acquired companies also contributes to our ability to integrate them into our Group and increase their operational efficiency and gross profit margins.

➢ COMMUNITY VALUE-ADDED SERVICES

- **Representing 31.8% of total revenue and 40.7% of total gross profit**

During the year, the revenue amounted to RMB1,600.6 million, representing a rapid increase of 146.8% from RMB648.6 million in 2019.

Community value-added services mainly focus on high-potential areas related to users and assets, to develop professional capabilities. In 2020, the Group recorded speedy growth in GFA under management, with a net increase of 77.9 million sq.m., which provided an extensive development foundation for community value-added services.

During the year, the Group officially entered into the field of college properties following its acquisition of Zheda Sinew Group. The new addition of campus value-added services (such as catering, accommodation and business trading services) greatly enlarged the portfolio of our value-added services. With growing maturity, our "IoT technology", carpark asset operation services and other services have started to contribute more revenue. Upon the official launch of "SUNIT" as a new life brand in August 2020, the Group has worked to establish its presence in new retail business, building offline integrated experience centers for cultural life and promoting online and offline synergy to drive new retail business.

The following table sets forth a breakdown of our revenue from community value-added services for the years ended 31 December 2020 and 2019, respectively:

	2020		2019	
	Revenue *(RMB million)*	**Percentage**	Revenue *(RMB million)*	Percentage
Community asset management services	**217.8**	**13.6%**	111.1	17.2%
Smart community solutions	**451.3**	**28.2%**	51.5	7.9%
Carpark asset operation services	**454.1**	**28.4%**	409.3	63.1%
Home decoration services	**147.6**	**9.2%**	74.2	11.4%
New retail services	**99.1**	**6.2%**	2.5	0.4%
Campus value-added services	**230.7**	**14.4%**	N/A	N/A
Subtotal of community value-added services	**1,600.6**	**100.0%**	648.6	100.0%

- For community asset management services, the revenue was RMB217.8 million, representing an increase of 96.2% as compared with last year. The actual revenue growth rate far outstripped the area growth rate, in light of seasonality and the considerable increase of area under management in the second half of the year. The Group actively explored available venues in communities and launched new services such as advertising in parking sheds. Meanwhile, continuous efforts were made to ramp up the integrated operation capacity of our business, with a view to reducing cost in general.

- For smart community solutions, the revenue was RMB451.3 million, representing an increase of 775.6% as compared with last year. In 2020, Shimao Services leveraged on the IoT technology companies: (1) to go beyond exploring business opportunities in existing projects under management and actively pursue external expansion to provide integrated smart solutions, covering project design, the installation, commissioning and maintenance of facilities and equipment, as well as the installation and maintenance of application systems and software, with Shanghai Fudan University Science Park and E·Land Smart Factory as our newly secured projects; (2) to develop external sales channels and establish strategic partnership with important customers, including operators and internet giants, with revenue sources effectively expanded through our inclusion into the supplier database of China Mobile, Tencent Cloud and CRCEG; and (3) to forge strategic ties with unicorn groups, such as SenseTime and Unisound, by serving as part of their integrated solutions to enlarge our revenue sources and boost our profit margin.

- For carpark asset operation services, the revenue was RMB454.1 million, representing an increase of 10.9% as compared with last year. In 2020, the carpark asset operation services business underwent a comprehensive upgrade to provide chain services such as carpark sales, management, lease and transformation as well as vehicle maintenance, to offer property owners all-round carpark-related services. As a result, the segment recorded a much smaller share of cyclical sales revenue and a larger share of revenue from ongoing services, coupled with a more reasonable business structure.

- For home decoration services, it covers a series of home improvement services and provision of marketing and promotional services to third-party home furnishing service providers. The revenue was RMB147.6 million, representing an increase of 98.9% as compared with last year. In 2020, the Group and Red Star Macalline cooperated and established "Shimao Macalline" Platform, which integrates strengths of the two companies to develop home decoration business. Despite the difficulties brought by the pandemic, the business experienced a rapid growth by ways of improvement of products, expansion of sales channels and promotion in cooperation.

- For new retail services, it covers commodity retail services in both online and offline communities. The revenue for the year was RMB99.1 million. In 2020, the Group successfully established its presence in new retail business, leveraging on the "SUNIT" brand to actively provide online-offline synergy services. Shanghai Shimao Riverside and Nanjing Shimao Riverside projects were furnished with offline flagship stores, where a range of operations were introduced such as community libraries, beauty spa, neighborhood kitchens and fitness centers, to create a space of cultural life and communication for property owners in the community. Various channels, such as "Mao Home" mobile application and WeChat community groups, were employed to develop the online product sales business. Its start proved to be a success. As at 31 December 2020, "Mao Home" mobile application had 770,170 registered users, which represented a surge of 41.2 times from 18,000 in 2019. Of the total, there were 350,189 active users, representing an increase of 34 times from 10,000 in 2019.

- For campus value-added services, the revenue for the year was RMB230.7 million. Leveraging on Zheda Sinew Group, we offered various value-added services on campus life, including catering, accommodation and business trading services, standing as a leader in the industry. Our catering business served more than one million people every day in China, and was among "Top 100 Group Dining Enterprises in China" (中國團餐百強企業) and "Top 10 Group Dining Brands in Chinese Colleges and Universities" (中國高校團餐十大品牌). Meanwhile, we were proactive in driving our expansion. Internally, we developed clients among junior and senior schools. Externally, we worked to develop clients among radio and television centers and industrial parks, to broaden the property types and our revenue base.

➢ VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

- **Representing 14.2% of total revenue and 12.6% of total gross profit**

  During the year, the revenue amounted to RMB712.7 million, representing a 11.2% increase from RMB641.1 million in 2019. Its percentage in total revenue decreased to 14.2% in 2020 from 25.8% in 2019, representing an optimized revenue structure.

  During the year, the Group was engaged in proactive external development on top of continuing to undertake sales office management services for the projects developed by Shimao Group. Efforts were made to improve the Group's industry reputation and attract attention from customers by creating a regional benchmark with optimum sales offices in the city. "M+Service" served as a high-end service team to establish the Group's position in the industry. The Group also kept amplifying its customer base and market, with a number of cross-industry projects secured, such as the Orientation Marathon in Yancheng City, Huafu Hexi Auto Sales Exhibition Hall and the VIP Hall of China Southern Airlines. During the year, the Group recorded revenue of RMB83.0 million from its external development business, representing an increase of 1,001.2% from RMB7.54 million in 2019.

  Furthermore, the Group managed to replicate its management externally, providing advisory services for the new projects of Qingdao Dezhou and Jinan Xiyuecheng. Superior service quality, superb strategies and tactics, and robust operational control comprise the premise of our successful expansion of value-added services to non-property owners. While expanding the sources of revenue, we have also been improving our status in the industry.

FINANCIAL REVIEW

During the year, the Group realized:

Revenue

Revenue was RMB5,025.7 million, representing a year-on-year increase of 101.9% as compared to RMB2,489.1 million in 2019. The Group generated revenue from three business segments: (i) property management services; (ii) community value-added services; and (iiii) value-added services to non-property owners. During the year: (i) property management services remained the largest source of revenue and profit to the Group. The revenue amounted to RMB2,712.4 million, accounting for 54.0% of the overall revenue and representing a year-on-year increase of 126.1% as compared to RMB1,199.4 million in 2019; (ii) revenue from community value-added services amounted to RMB1,600.6 million, accounting for 31.8% of the overall revenue and representing a year-on-year increase of 146.8% as compared to RMB648.6 million in 2019; (iii) revenue from value-added services to non-property owners amounted to RMB712.7 million, accounting for 14.2% of the overall revenue and representing a year-on-year increase of 11.2% as compared to RMB641.1 million in 2019.

Cost of Sales

Cost of sales of the Group primarily includes staff costs, subcontracting costs, utilities and facility operating costs, cost of selling carpark spaces, cost of smart community solutions and others. During the year, the cost of sales was RMB3,447.9 million, representing a year-on-year increase of 108.8% as compared to RMB1,651.0 million in 2019. The increase in the cost of sales was mainly due to the increase in staff number and various costs following the Group's continuous expansion of GFA under management and business scale.

Gross Profit and Gross Profit Margin

Gross profit amounted to RMB1,577.7 million, representing a year-on-year increase of 88.3% as compared to RMB838.1 million in 2019. Gross profit margin was 31.4%, representing a slight decrease of 2.3 percentage points as compared to 33.7% in 2019. The gross profit margins for the three business segments were 27.1% for property management services, 40.1% for community value-added services and 28.1% for value-added services to non-property owners, respectively. The gross profit margins for those segments were 29.0%, 47.5% and 28.3% in 2019, respectively.

Gross profit margin for property management services was 27.1%, representing a slight decrease compared to 29.0% in 2019, primarily due to the Group's aggressive market expansion in 2020 and successful acquisition of 9 property management companies during the year. For the newly acquired companies and the new projects undertaken, they had lower gross profit margins in general than Shimao's own projects upon their acquisition, and hence more resources had to be invested in the early stage for integration. At the same time, it also took time for the integration, resulting in the decrease of the gross profit margin during the year.

Gross profit margin for community value-added services was 40.1%, representing a slight decrease as compared to 47.5% for the year of 2019, primarily due to the introduction of campus value-added business and the expansion of new retail business in 2020, both of which had a relatively low gross profit margin.

Gross profit margin for value-added services to non-property owners was 28.1%, which remained largely stable as compared to 28.3% for the year of 2019.

Selling and Marketing Expenses

Selling and marketing expenses were RMB52.4 million, representing a year-on-year increase of 194.2% as compared to RMB17.8 million in 2019. Marketing expenses for the year accounted for 1.0% of the revenue, representing an increase of 0.3 percentage points as compared to 0.7% in 2019. The increase was primarily due to the increase in the Group's expansion of various community value-added businesses (such as smart solutions, new retail and home decoration services) as well as higher staff costs for market development and marketing and promotional expenses.

Administrative Expenses

Administrative expenses were RMB562.3 million, of which listing expenses were RMB33.6 million. Excluding listing expenses, administrative expenses amounted to RMB528.7 million. Administrative expenses for 2020 grew at a year-on-year rate of 85.0% from RMB303.9 million in 2019. Administrative expenses for the year accounted for 11.2% of the revenue, representing a decrease of 1.0 percentage points as compared to 12.2% for 2019, primarily due to the fact the Group created management synergy from its integrated management of the acquired companies on a regional basis and that the Group further streamlined its management structure with higher management efficiency and effectively reduced management expenses.

Operating Profit

Operating profit was RMB897.1 million, representing an increase of 72.1% as compared to RMB521.2 million in 2019. Operating profit margin was 17.8%, representing a decrease of 3.1 percentage points as compared to 20.9% in 2019.

Finance Cost, Net

During the year, net finance costs was RMB3.2 million, representing a decrease of 77.1% as compared to RMB13.9 million for the year of 2019, primarily due to the combined effect of more interest income on bank deposits and lower interest expenses arising from asset-backed securities repayment.

Profit before Income Tax Expense

During the year, profit before tax amounted to RMB904.8 million, representing an increase of RMB398.7 million or a year-on-year uptick of 78.8% from RMB506.1 million in 2019, primarily due to the fast growth of the Group's projects under management and area under management, as well as the rapid development of community value-added services.

Income Tax

During the year, income tax was RMB180.5 million, representing an increase of 48.5% from RMB121.5 million in 2019. The effective tax rate was 19.9%, representing a decrease of 4.1 percentage points from 24.0% in 2019, primarily owing to preferential tax policies.

The IoT technology companies under our Group are entitled to the preferential tax policy of tax exemption for the first two years and 50% tax reduction for the third year. 2020 was its first year under the preferential tax policy. Hailiang Property, headquartered in Tibet, enjoyed the tax benefits; and Chengdu Xinyi enjoyed the preferential tax policy for "Western Region Development".

Pursuant to the rules and regulations of the Cayman Islands, the Group is not required to pay income tax of Cayman Islands.

The income tax rate applicable to the Group's entities incorporated in Hong Kong was 16.5% on the income subject to Hong Kong profits tax for the year. No provision was made for Hong Kong profits tax over the 12 months from 1 January 2020 to 31 December 2020, as the Group did not derive any income subject to Hong Kong profits tax.

Unless otherwise specified, the Group's subsidiaries in China shall pay PRC corporate income tax at a rate of 25%.

Profit for the Year

Profit for the year was RMB724.3 million, representing an increase of 88.4% as compared to RMB384.5 million in 2019. During the year, profit attributable to the Group's equity shareholders was RMB693.0 million, representing an increase of 80.2% as compared to RMB384.5 million in 2019.

Net profit margin for the year was 14.4%, representing a year-on-year decrease of 1.0 percentage points as compared to 15.4% in 2019.

Investment Properties, Property, Plant and Equipment

As at 31 December 2020, net book value from investment properties, property, plant and equipment amounted to RMB226.1 million, representing a year-on-year increase of 93.2% as compared to RMB117.0 million as at 31 December 2019. This was primarily due to approximately RMB105.6 million for additional properties such as students' apartments and office buildings under construction, approximately RMB19.8 million for extra equipment and facilities, approximately RMB21.9 million for office equipment and vehicles, and approximately RMB37.0 million for additional leasehold improvements expenses as a result of the acquisition of Zheda Sinew and Chengdu Xinyi during the year. Furthermore, investment properties worth RMB103.0 million were disposed due to business reorganization during the year.

Intangible Assets

As at 31 December 2020, the carrying amount of the Group's other intangible assets was RMB1,873.3 million, representing an increase of 561.2% as compared to RMB283.3 million as of 31 December 2019. The Group's intangible assets primarily included: (i) goodwill of RMB1,213.8 million recognized for the acquired companies; (ii) customer relationship of RMB593.6 million recognized for the acquired companies; (iii) software R&D and purchase worth RMB65.9 million by the Group; and (iv) partially offset by customer relationships and software amortization. Customer relationships and software have definite useful periods and are accounted for at cost less accumulated amortization.

As at 31 December 2020, the Group's goodwill amounted to RMB1,213.8 million, representing an increase of 588.5% as compared to RMB176.3 million for 31 December 2019. The Group's goodwill mainly arises from the expected future development of the acquired companies, the improvement of market coverage, the expansion of service portfolio, the integration of value-added services and the enhancement of management efficiency.

As at 31 December 2020, the management was not aware of any significant impairment risk on goodwill.

Trade and Other Receivables

As at 31 December 2020, trade and other receivables amounted to RMB2,232.8 million, representing a year-on-year increase of 14.3% as compared to RMB1,953.2 million as at 31 December 2019. In particular, trade receivables amounted to RMB1,863.2 million, representing an increase of 149.3% as compared to RMB747.3 million for the year of 2019, primarily due to the Group's business scale expansion and addition of new business.

Trade and Other payables

As at 31 December 2020, trade and other payables amounted to RMB2,987.0 million representing an increase of 56.1% from RMB1,913.1 million as at 31 December 2019, mainly due to the expansion of procurement resulting from business scale expansion and addition of new business.

Liquidity, Reserves and Capital Structure

The Group maintained a strong financial position during the year. Current assets amounted to RMB8,416.9 million as at 31 December 2020, representing an increase of 168.9% from RMB3,130.4 million as at 31 December 2019. The Group's cash and cash equivalents amounted to RMB5,830.0 million as at 31 December 2020, representing a year-on-year increase of 586.2% from RMB849.6 million as at 31 December 2019, which mainly stemmed from the initial public offering ("IPO") proceeds of RMB5,125.9 million. During the year, net cash generated from operations grew steadily to RMB964.1 million, increasing by RMB427.0 million from RMB537.1 million in 2019.

The Group's net current assets amounted to RMB4,390.5 million as at 31 December 2020, with a current ratio of 2.1, which stood at a robust level as compared with the net current liabilities of RMB184.7 million as at 31 December 2019.

The Group's borrowings amounted to RMB30.0 million as at 31 December 2020, which were all bank borrowings of the acquired companies.

Proceeds from Listing

The Company was successfully listed on the Main Board of the Stock Exchange on 30 October 2020. Excluding underwriting fees and related expenses, the gross proceeds from the initial public offering was approximately HK$5,917.4 million (equivalent to RMB5,125.9 million). As at 31 December 2020, HK$579.4 million (equivalent to RMB486.7 million) was utilized, all of which were used to continue to expand business scale through acquisitions, while HK$5,338.0 million (equivalent to RMB4,639.2 million) was not utilized. Such proceeds will be used for the following purposes as set out in the prospectus of the Company dated 20 October 2020:

– Approximately 65% will be used to continue to expand business scale through multiple channels

– Approximately 15% will be used to diversify people-oriented and property-oriented value-added service offerings

– Approximately 5% will be used to improve the information technology system and smart technologies

– Approximately 5% will be used to attract and nurture talent

– Approximately 10% will be used for working capital and other general corporate purposes.

MATERIAL ACQUISITION

During the year, the Group seized market opportunities and successfully acquired 9 companies within the existing management coverage upon a selection of segment and regional leaders. Hence, it effectively increased the project management density in individual regions. For example, the number of management projects in Hangzhou alone grew from 9 to 107; and the number of projects under management in Xi'an alone increased from 3 to 56. This greatly bolstered the market status for individual cities. Meanwhile, we effectively developed market segments through M&A. In August 2020, the Group successfully acquired Zheda Sinew, a leading brand of college properties. By leveraging on Zheda Sinew as a platform, the Group successfully entered the market segment of campus properties. By integrating the excellent resources and capabilities of both sides, the Group expanded its business scope (to Fujian and Shanghai markets) and entered similar segments, such as industrial parks and public venues.

The following table sets forth the shareholdings acquired and transaction considerations of the companies acquired by the Group in 2020:

Time	Name of company	Shareholding acquired *(%)*	Transaction consideration *(RMB million)*
January 2020	Guangzhou Yuetai Property Services Co., Ltd. (廣州市粵泰物業服務有限公司)	100	110.0
March 2020	Fusheng Life Services Group Co., Ltd. (福晟生活服務集團有限公司)	51	0
June 2020	Chengdu Xinyi Property Co., Ltd. (成都信誼物業有限公司)	67	74.4
July 2020	Beijing Guancheng Hotel Management Co., Ltd. (北京冠城酒店物業有限公司)	100	127.5
August 2020	Zhejiang Zheda Sinew Property Services Group Co., Ltd. (浙江浙大新宇物業集團有限公司)	51	614.7
November 2020	Tianjin Hexin Property Management Co., Ltd. (天津和興物業管理有限公司)	70	95.8
November 2020	Kangqiao Property Co., Ltd. (康橋物業有限公司)	80	292.0
November 2020	Hangzhou Jinhu Property Management Co., Ltd. (杭州近湖物業管理有限公司)	100	61.7
November 2020	Xi'an Fangrui Property Management Co., Ltd. (西安方瑞物業管理有限公司)	70	139.8

FUTURE OUTLOOK

The Group focuses on the alignment of the target company to the Group when making acquisitions. The target company should fall within the existing management coverage of the Group, serve as a regional or segment leader without "Red Line" issues such as safety and can accept the integration as requested by the Group. At the same time, the customer group of the target company shall be the local middle and high income groups, so as to promote the development of community value-added services in the later stage.

The Group will pay more attention to capability extension and cultivation. M&A can effectively improve the Group's project management density in a specific region, and lay a solid foundation for enhancing the service concentration within the project, comprehensive cost control for the region and supply chain capacity output.

Meanwhile, the Group takes the M&A as a means to establish more business lines. For example, the Group successfully entered the campus property market by acquiring Zheda Sinew, and expanded other similar business lines (such as industrial parks and public venues) by virtue of the leading advantages of Zheda Sinew in respective segments.

The Group believes that through acquisition and effective integration, we can rapidly and effectively expand the scale of our business, increase the status within the industry, build core business capabilities, and give greater impetus for future development. Aiming at effective organic growth, the Group will not blindly pursue sheer scale expansion. Rather, it will pay more attention to quality capacity building, develop comprehensive capabilities from M&A, thereby lowering the proportion of M&A and ultimately realizing effective organic growth.

FOREIGN EXCHANGE RISK

The Group principally operates business in the PRC, with the majority of its business conducted in RMB, and has limited exposure to the foreign exchange risk. However, due to the successful listing on the Stock Exchange during the year, any changes in value of HK$ and the interest rates will affect the performance of the Group. Therefore, the Group will closely monitor the exchange rate risk and interest rate risk concerned, actively explore foreign exchange hedging options with major banks and use financial instruments to hedge against such risks when necessary.

EMPLOYEES AND COMPENSATION POLICY

During the year, the Group offered diversified trainings and personal development schemes to its employees in accordance with the established human resources policy and system. The salary paid to the employees was determined according to their duties and the prevailing market standards. Discretionary bonuses are paid based on performance to recognize and reward employees for their contributions. The Group also provided employees with employee benefits, including pension fund, medical insurance and provident fund.

As at 31 December 2020, the Group had 24,334 employees, representing a growth of 210.2% as compared to 31 December 2019; the total staff costs amounted to RMB1,664.0 million, representing an increase of 64.2% from RMB1,013.2 million in the year ended 31 December 2019. The growth rates of revenue and area under management were 101.9% and 114.4%, respectively during the year.

CONTINGENT LIABILITIES

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

FINANCIAL POLICY

In order to manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that its assets, liabilities and other liquidity structure undertaken meet the capital requirements from time to time.

ANNUAL RESULTS

The Board is pleased to present the audited consolidated results of the Group for the year ended 31 December 2020 together with comparative figures for 2019. These annual results have been reviewed by the Company's Audit Committee.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

		Year ended 31 December	
		2020	2019
	Note	***RMB'000***	*RMB'000*
Revenue	*5*	**5,025,688**	2,489,086
Cost of sales and services	*5,6*	**(3,447,939)**	(1,651,005)
Gross profit		**1,577,749**	838,081
Selling and marketing expenses	*6*	**(52,444)**	(17,823)
Administrative expenses	*6*	**(562,336)**	(303,907)
Provision of impairment losses on financial assets – net		**(70,527)**	(3,372)
Other income	*7*	**40,873**	17,478
Other losses – net		**(24,662)**	(2,606)
Other operating expenses		**(11,601)**	(6,694)
Operating profit		**897,052**	521,157
Finance income		**11,407**	37,935
Finance costs		**(14,587)**	(51,833)
Finance costs – net		**(3,180)**	(13,898)
Share of results of associates accounted for using the equity method		**10,915**	(1,208)
Profit before income tax		**904,787**	506,051
Income tax expense	*8*	**(180,469)**	(121,520)
Profit for the year		**724,318**	384,531

	Note	Year ended 31 December **2020** ***RMB'000***	 2019 *RMB'000*
Profit attributable to:			
– Equity holders of the Company		**692,952**	384,531
– Non-controlling interests		**31,366**	–
		724,318	384,531
Other comprehensive income for the year			
Items that may be reclassified to profit or loss			
– Exchange differences on translation of foreign operations		**(166,508)**	–
Total other comprehensive income for the year, net of tax		**(166,508)**	–
Total comprehensive income for the year		**557,810**	384,531
Total comprehensive income attributable to:			
– Equity holders of the Company		**526,444**	384,531
– Non-controlling interests		**31,366**	–
		557,810	384,531
Earnings per share for profit attributable to the equity holders of the Company			
– Basic and diluted earnings per share (RMB)	*9*	**0.34**	0.19

CONSOLIDATED BALANCE SHEET

As at 31 December 2020

	Note	As at 31 December 2020 RMB'000	2019 RMB'000
Assets			
Non-current assets			
Property, plant and equipment		**206,143**	14,029
Right-of-use assets		**27,212**	15,858
Investment properties		**19,931**	103,003
Intangible assets	*11*	**1,873,297**	283,294
Deferred tax assets		**67,533**	24,619
Investment in associates accounted for using the equity method		**34,074**	3,692
Financial assets at fair value through other comprehensive income		**356**	–
Prepayments		**259,567**	–
Total non-current assets		**2,488,113**	444,495
Current assets			
Inventories		**267,233**	276,775
Trade receivables	*12*	**1,863,164**	747,305
Prepayments, deposits and other receivables	*13*	**454,422**	1,256,765
Restricted cash		**2,045**	–
Cash and cash equivalents		**5,830,046**	849,591
Total current assets		**8,416,910**	3,130,436
Total assets		**10,905,023**	3,574,931

	Note	As at 31 December 2020 RMB'000	2019 RMB'000
Equity			
Equity attributable to equity holders of the Company			
Share capital	*14*	**20,499**	–
Reserves	*15*	**6,427,488**	233,795
		6,447,987	233,795
Non-controlling interests		**292,858**	–
Total equity		**6,740,845**	233,795
Liabilities			
Non-current liabilities			
Borrowings		**4,400**	–
Lease liabilities		**7,896**	8,622
Deferred tax liabilities		**122,162**	14,354
Provisions for other liabilities and charges		**3,297**	2,998
Total non-current liabilities		**137,755**	25,974
Current liabilities			
Trade and other payables	*16*	**2,986,951**	1,913,052
Contract liabilities		**815,334**	445,602
Dividends payables		**–**	559,247
Income tax liabilities		**185,729**	150,576
Borrowings		**25,600**	239,789
Lease liabilities		**12,809**	6,896
Total current liabilities		**4,026,423**	3,315,162
Total liabilities		**4,164,178**	3,341,136
Current assets/(liabilities) – Net		**4,390,487**	(184,726)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1 General information

Shimao Services Holdings Limited (the "Company") was incorporated on 3 December 2019 under the laws of the Cayman Islands with limited liability. The address of the Company's registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the "Group") are principally engaged in the provision of property management services, value-added services and value-added services to non-property owners in the People's Republic of China (the "PRC"). The Company's ultimate holding company is Shimao Group Holdings Limited whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited since 5 July 2006.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 October 2020.

Prior to the listing of the Company, the Group carried out a series of acquisition of subsidiaries from Shimao Group Holdings Limited and its subsidiaries (together, "Shimao Group") for the purpose of the reorganization in preparation for the listing. In this connection, the Group acquired Shimao Tiancheng Property Services Group Co., Ltd. ("Shimao Tiancheng") and its subsidiaries from Shimao Group in 2019 at a consideration of RMB840,000,000 and the Group acquired several subsidiaries from Shimao Group in 2020 at a total consideration of RMB11,510,000. These consideration were accounted for as deduction of reserve. Also, as part of the reorganization, the Company acquired certain subsidiaries by issuing one share to Best Cosmos Limited ("Best Cosmos", the immediate holding company of the Company). The excess of the then book value of these subsidiaries over the par value was credited to share premium with an amount of RMB212,275,000.

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities, which are carried at fair value.

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

2.1.1 Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these standards.

		Effective for annual periods beginning on or after
HKAS 1 and HKAS 8 (Amendments)	Definition of Material	1 January 2020
HKFRS 3 (Amendments)	Definition of a Business	1 January 2020
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting	1 January 2020
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	Interest Rate Benchmark Reform	1 January 2020
HKFRS 16 (Amendments)	Covid-19-related Rent Concessions	1 June 2020

(ii) New and amended standards not yet adopted

New standards and amendments to existing standards which have been issued but not yet effective and have not been early adopted by the Group are as follows:

		Effective for annual periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2022
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Annual Improvements to HKFRS Standards 2018–2020		1 January 2022

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Allowance on doubtful receivables

The Group makes allowances on receivables based on assumptions about risk of default and expected loss rates. The Group used judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and doubtful debt expenses in the periods in which such estimate has been changed.

(b) Current and deferred income tax

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

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

(c) Fair value assessment of purchase price allocation for business combinations

Significant judgements and estimates were involved in the fair value assessment of the purchase price allocation for business combinations. These significant judgements and estimates include the adoption of appropriate valuation methodologies (discounted future cash flow method) and the use of significant assumptions in the valuation (mainly including gross profit margins, post-tax discount rates and expected useful lives of customer relationships). See Note 11 for more details.

(d) Impairment of goodwill

For the purposes of goodwill impairment assessment, management considered each of the acquired property management groups a separate group of cash-generated-units ("CGU") and goodwill has been allocated to each of the acquired property management groups. Management assessed the impairment of goodwill by determining the recoverable amounts of the CGU to which goodwill has been allocated based on value-in-use calculation. Significant judgements and estimates were involved in the goodwill impairment assessment. These significant judgements and estimates include the adoption of appropriate valuation method and the use of key assumptions in the valuation, which primarily include annual revenue growth rate, gross profit margin and pre-tax discount rate. See Note 11 for more details.

(e) **Provision for inventories**

The Group assesses the carrying amounts of inventories according to their net realisable value. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

4. SEGMENT INFORMATION

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

During the year ended 31 December 2020, the Group is principally engaged in the provision of property management services, community value-added services, and value-added services to non-property owners. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is used to make strategic decisions.

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

As at 31 December 2020 and 2019, all of the non-current assets of the Group were located in the PRC.

5. REVENUE AND COST OF SALES AND SERVICES

Revenue mainly comprises of proceeds from property management services and value-added services. An analysis of the Group's revenue and cost of sales and services by category for the years ended 31 December 2020 and 2019 is as follows:

	Year ended 31 December			
	2020		2019	
	RMB'000		*RMB'000*	
	Revenue	**Cost of sales**	Revenue	Cost of sales
Revenue from customer and recognized over time:				
Property management services	**2,712,395**	**1,976,259**	1,199,398	851,071
Community value-added services	**353,377**	**201,737**	171,918	82,475
Value-added services to non-property owners	**712,670**	**512,638**	641,130	459,456
	3,778,442	**2,690,634**	2,012,446	1,393,002
Revenue from customer and recognized at a point in time:				
Community value-added services	**1,247,246**	**757,305**	476,640	258,003
	5,025,688	**3,447,939**	2,489,086	1,651,005
Revenue recognized on gross basis/net basis:				
Revenue recognized on gross basis	**4,637,224**	**3,340,388**	2,112,299	1,461,974
Revenue recognized on net basis	**388,464**	**107,551**	376,787	189,031
	5,025,688	**3,447,939**	2,489,086	1,651,005

6. EXPENSES BY NATURE

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Employee benefit expenses	**1,664,036**	1,013,210
Cleaning costs	**464,976**	228,458
Office expenses	**240,218**	109,578
Security costs	**244,031**	123,623
Utilities	**260,629**	129,498
Greening and gardening costs	**114,176**	44,587
Maintenance costs	**281,540**	150,952
Cost of selling parking lots	**138,258**	61,527
Community activities expenses	**27,194**	21,154
Taxes and surcharges	**25,127**	14,107
Depreciation and amortization charges	**75,189**	14,010
Raw materials used in catering services	**65,926**	–
Cost of goods sold	**384,710**	49,451
Listing expenses excluding audit fees	**27,009**	–
Auditors' remuneration		
– Audit services in relation to the listing	**6,600**	–
– Annual and other audit services	**2,580**	823
– Non-audit services	**6,440**	–
Other expenses	**34,080**	11,757
	4,062,719	1,972,735

7. OTHER INCOME

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Government grants	**28,205**	4,958
Value-added tax deductibles	**6,668**	6,092
Rental income	**6,000**	4,667
Others	**–**	1,761
	40,873	17,478

8. INCOME TAX EXPENSE

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Current income tax		
– PRC corporate income tax and withholding income tax	**233,118**	123,151
Deferred income tax credit		
– PRC corporate income tax	**(52,649)**	(1,631)
	180,469	121,520

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares and convertible redeemable preferred shares ("CPS") during the year ended 31 December 2020 and 2019.

Each CPS is entitled to any non-cumulative dividend in preference to the holders of the ordinary shares when declared. In addition, the holders of the CPS shall have priority over the holders of ordinary shares on the assets and funds of the Company available for distribution in a distribution of assets on liquidation, winding-up or dissolution of the Company up to an amount equal to the aggregate nominal amounts of the CPS issued. Hence, the rights of the CPS to the entitlements of dividend and distribution of assets are substantially the same as those of the ordinary shares of the Company. Accordingly, the CPS is accounted for as an equity instrument and is included in the calculation of earnings per share.

The weighted average number of ordinary shares used has been retrospectively adjusted for the effects of the issue of 94,999 shares (Note14 (i)(a)) and the 1,999,900,000 shares issued in connecting with the Capitalization issue (Note14 (i)(c)), these were deemed to have been in issue since 1 January 2019.

The Company did not have any potential ordinary shares outstanding during the years ended 31 December 2020 and 2019. Diluted earnings per share is equal to basic earnings per share.

	Year ended 31 December	
	2020	2019
Profit attributable to equity holders of the Company (RMB'000)	**692,952**	384,531
Weighted average number of ordinary shares (in thousands)	**2,061,866**	1,999,995
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the year (expressed in RMB per share)	**0.34**	0.19

10. DIVIDENDS

The Board of Directors recommended the payment of a 2020 final dividend of HK11 cents per share, totalling HK$260,037,030. Such dividend is to be approved by the shareholders at the forthcoming Annual General Meeting. These financial statements do not reflect this dividend payable.

11. INTANGIBLE ASSETS

	Computer Software *RMB'000*	Goodwill (a) *RMB'000*	Customer relationship *RMB'000*	Total *RMB'000*
As at 1 January 2019				
Cost	5,204	–	–	5,204
Accumulated amortization	(691)	–	–	(691)
Net book amount	4,513	–	–	4,513
Year ended 31 December 2019				
Opening net book amount	4,513	–	–	4,513
Additions	13,643	–	–	13,643
Additions from acquisition of subsidiaries	136	176,318	95,800	272,254
Amortization charge	(1,128)	–	(5,988)	(7,116)
Closing net book amount	17,164	176,318	89,812	283,294
As at 31 December 2019				
Cost	18,983	176,318	95,800	291,101
Accumulated amortization	(1,819)	–	(5,988)	(7,807)
Net book amount	17,164	176,318	89,812	283,294

	Computer Software ***RMB'000***	**Goodwill (a)** ***RMB'000***	**Customer relationship** ***RMB'000***	**Total** ***RMB'000***
Year ended 31 December 2020				
Opening net book amount	**17,164**	**176,318**	**89,812**	**283,294**
Additions from acquisition of subsidiaries	**3,027**	**1,037,461**	**539,000**	**1,579,488**
Additions	**49,877**	**–**	**–**	**49,877**
Disposals	**(14)**	**–**	**–**	**(14)**
Amortization charge	**(4,152)**	**–**	**(35,196)**	**(39,348)**
Closing net book amount	**65,902**	**1,213,779**	**593,616**	**1,873,297**
As at 31 December 2020				
Cost	**71,948**	**1,213,779**	**634,800**	**1,920,527**
Accumulated amortization	**(6,046)**	**–**	**(41,184)**	**(47,230)**
Net book amount	**65,902**	**1,213,779**	**593,616**	**1,873,297**

(a) Goodwill

Goodwill of RMB1,213,779,000 (2019: RMB176,318,000) has been allocated to the CGUs of the subsidiaries acquired for impairment testing. Management performed an impairment assessment on the goodwill as at 31 December 2020. The recoverable amounts of these subsidiaries are determined based on value-in use calculation. The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Revenue growth rate during the forecast period	2% – 17%
Gross profit margin during the forecast period	13% – 32%
Pre-tax discount rate	15% – 22%

The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill as 31 December 2019:

Revenue growth rate during the forecast period	3% – 11%
Gross profit margin during the forecast period	24% – 30%
Pre-tax discount rate	20% – 29%

The management has undertaken sensitivity analysis on the impairment test of goodwill. The following table sets forth all possible changes to the key assumptions of the impairment test and the changes taken in isolation in the VIU calculations that would remove the remaining headroom as at 31 December 2020:

	As at 31 December	
	2020	2019
Annual revenue growth rate	**-2% – -7%**	-5%
Discount rate	**+2% – +6%**	+2% – +5%

The directors of the Company considered there is no reasonably possible change in key parameters would cause the carrying amount of each CGU to exceed its recoverable amount.

By reference to the recoverable amount assessed by the independent valuer as at 31 December 2020, the directors of the Company determined that no impairment provision on goodwill for the year ended 31 December 2020.

12. TRADE RECEIVABLES

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Trade receivables *(Note (a))*		
– Related parties	**197,094**	406,687
– Third parties	**1,595,208**	275,871
	1,792,302	682,558
Note receivables		
– Related parties	**173,995**	105,317
– Third parties	**13,039**	773
	187,034	106,090
Less: allowance for impairment of trade receivables	**(116,172)**	(41,343)
	1,863,164	747,305

Note:

(a) Trade receivables mainly arise from property management services managed under lump sum basis and value-added services. Property management services income under lump sum basis is received in accordance with the term of the relevant property service agreements. Service income from property management services is due for payment by the property owners upon rendering of services.

As at 31 December 2020 and 2019, the ageing analysis of the trade receivables based on invoice date was as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Within 1 year	**1,666,064**	607,738
1 to 2 years	**76,843**	32,144
2 to 3 years	**18,909**	16,859
3 to 4 years	**10,416**	10,620
4 to 5 years	**7,292**	6,171
Over 5 years	**12,778**	9,026
	1,792,302	682,558

As at 31 December 2020, the trade receivables were denominated in RMB, and the fair value of trade receivables approximated their carrying amounts. Property management services and value-added services are received in accordance with the terms of the relevant services agreements, and due for payment upon the issuance of invoice.

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. For the year ended 31 December 2020, a provision of RMB116,172,000 (2019: RMB41,343,000) was made against the gross amounts of trade receivables. The provision for impairment increased during the year ended 31 December 2020 due to the increase of trade receivables.

As at 31 December 2020, RMB5,000,000 trade receivables of the Group was pledged to secure borrowings granted to the Group (2019: Nil).

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Prepayments		
Non-current prepayments		
– Prepayments to customers *(Note (a))*	**74,075**	–
– Prepayment for acquisition of subsidiaries *(Note (b))*	**185,492**	–
Current prepayments		
– Prepayments to customers *(Note (a))*	**257**	–
– Utilities	**14,342**	5,869
– Raw materials for value added services	**3,996**	10,005
– Other prepayments	**66,224**	35,000
Subtotal	**344,386**	50,874
Other receivables		
– Advance to related parties	**175,639**	1,106,098
– Advance to employees	**8,483**	8,196
– Payments on behalf of property owners *(Note (c))*	**130,898**	77,966
– Deposits	**34,054**	–
– Others	**24,925**	22,329
Subtotal	**373,999**	1,214,589
Total	**718,385**	1,265,463
Less: allowance for impairment of other receivables	**(4,396)**	(8,698)
	713,989	1,256,765

Note:

(a) Prepayments to customers is the initial consideration paid to these schools to obtain the operation of the students' apartments. The amortization period is 31 to 42 years based on such operation periods.

(b) On 29 December 2020, Shimao Tiancheng came into an agreement with a third-party minority shareholder of Zhejiang Sinew to acquire 19% equity interests of Zhejiang Sinew with a total consideration of RMB234,984,000. As at 31 December 2020, the deal has not been completed and Shimao Tiancheng has paid RMB185,492,000 as prepayment for acquisition. The acquisition of the 19% interests was subsequently completed in January 2021.

(c) As at 31 December 2020, the amounts represented the payments on behalf of property owners in respect of mainly utilities and elevator maintenance costs of the properties.

14. SHARE CAPITAL

(i) Ordinary shares

	Number of ordinary shares	Share capital HK$	RMB
Authorized			
As at 31 December 2019	38,000,000	380,000	340,404
As at 31 December 2020	3,500,000,000	35,000,000	30,350,583
Issued and fully paid			
As at 31 December 2019 *(Note (a))*	1	–	–
Issue of shares to then holding company *(Note (a))*	94,999	950	869
Re-designated into convertible redeemable preferred shares *(Note 14 (ii))*	(5,000)	(50)	(45)
Convertible redeemable preferred shares converted into ordinary shares *(Note 14 (ii))*	10,000	100	87
Capitalization issue *(Note (b))*	1,999,900,000	19,999,000	17,344,064
Issuance of ordinary shares pursuant to initial public offering *(Note (c))*	352,942,000	3,529,420	3,060,877
Exercise of over-allotment option *(Note (d))*	11,031,000	110,310	93,565
As at 31 December 2020	2,363,973,000	23,639,730	20,499,417

Notes:

(a) On 3 December 2019, the Company was incorporated in the Cayman Islands as an exempted company with limited liability. As of the date of incorporation, the authorized share capital of the Company was HK$380,000 divided into 38,000,000 ordinary shares of par value of HK$0.01 each, among which one fully-paid share was issued to the initial subscriber, an independent third party, at par value and such share was transferred to Best Cosmos at par value on the same day.

On 7 May 2020, 94,999 ordinary shares were allotted and issued to Best Cosmos, which rank pari passu with the then existing share in issue.

(b) Pursuant to a shareholders' resolution dated 14 October 2020, the Company capitalised an amount of HK$19,999,000 (approximately RMB17,344,000), standing to the credit of its other reserve account and to appropriate such amount as capital to pay up 1,999,900,000 ordinary shares in full at par to the then shareholders of the Company in proportion to their then respective shareholdings in the Company.

(c) On 30 October 2020, the Company issued 352,942,000 new ordinary shares at HK$16.60 each with HK$0.01 per share in connection with its global offering and commencement of the listing of its shares on the Stock Exchange on the same date and raised gross proceeds of approximately HK$5,858,837,000 (equivalent to RMB5,081,056,000). The excess over the par value of HK$3,529,420 (equivalent to RMB3,060,877) net of the transaction costs of approximately RMB113,596,000 was credited to share premium with an amount of RMB4,967,460,000.

(d) On 25 November 2020, the Company exercised over-allotment option to issue 11,031,000 new ordinary shares at HK$16.60 each with par value of HK$0.01 per share and raised gross proceeds of approximately HK$183,114,600 (equivalent to RMB155,318,000). The excess over the par value of HK$110,310 (equivalent to RMB93,565) net of the transaction costs of approximately RMB63,000 was credited to share premium with an amount of RMB155,255,000.

(ii) Convertible redeemable preferred shares

On 30 April 2020, (i) SCC Growth V 2020-B, L.P. and SCC Growth IV Holdco A, Ltd. and (ii) Image Frame Investment (HK) Limited (together, the "Pre-IPO investors") entered into a Series A Preferred Share Purchase Agreement with the Company and certain of its subsidiaries, as well as Best Cosmos and Shimao Group (the "Share Agreement"), pursuant to which the Pre-IPO Investors agreed to subscribe for an aggregate of 5,000 Series A convertible redeemable preferred shares ("Series A CPS") at a total consideration of RMB864,500,000 payable in U.S. dollars. Simultaneous with the subscription, the Pre-IPO investors purchased from Best Cosmos an aggregate of 5,000 ordinary shares to be re-designated into Series A CPS on a one to one basis at a total consideration of RMB864,500,000 payable in U.S. dollars.

Each Series A CPS shall be automatically converted, based on the then-effective applicable conversion price, without the payment of any additional consideration, into fully-paid and non-assessable ordinary shares upon the closing of an initial public offering of the shares of the Company or voluntarily converted by Series A CPS holders, as stipulated by the Share Agreement.

On 30 October 2020, the total outstanding 10,000 Series A CPS was converted to ordinary shares upon the listing of the Company. The excess over the par value of HK$100 (equivalent to RMB87) approximately RMB1,729,000,000 was credited to share premium.

The movements of Series A CPS are set out as below:

	RMB'000
As at 1 January 2020	–
Issuance of Series A CPS	864,500
Ordinary shares re-designated into Series A CPS	864,500
Conversion to ordinary shares	(1,729,000)
As at 31 December 2020	–

15. RESERVES

	Share Premium RMB'000	Statutory Reserves RMB'000	Other Reserves RMB'000	Total Other Reserves RMB'000	Retained earnings RMB'000	Total Reserves RMB'000
Balance at 1 January 2019	–	29,182	810,500	839,682	407,829	1,247,511
Profit for the year	–	–	–	–	384,531	384,531
Transactions with owners in their capacity as owners						
Capital Injection *(Note (a))*	–	–	1,000	1,000	–	1,000
Deemed distribution to the owner *(Note 1)*	–	–	(840,000)	(840,000)	–	(840,000)
Appropriation to statutory reserves *(Note (b))*	–	43,949	–	43,949	(43,949)	–
Dividends declared by Shimao Tiancheng	–	–	–	–	(559,247)	(559,247)
Balance at 31 December 2019	–	73,131	(28,500)	44,631	189,164	233,795
Balance at 1 January 2020	–	73,131	(28,500)	44,631	189,164	233,795
Profit for the year	–	–	–	–	692,952	692,952
Other comprehensive income						
Translation reserves	–	–	(166,508)	(166,508)	–	(166,508)
Transactions with owners in their capacity as owners						
Deemed distribution arising from reorganization *(Note 1)*	–	–	(11,510)	(11,510)	–	(11,510)
Reorganization	212,275	–	(212,275)	–	–	–
Waive of payable to related party	–	–	1,358	1,358	–	1,358
Issuance of and re-designation into convertible redeemable preferred shares *(Note 14(ii))*	–	–	(864,500)	(864,500)	–	(864,500)
Conversion of convertible redeemable preferred shares to ordinary shares *(Note 14(ii))*	1,729,000	–	–	1,729,000	–	1,729,000
Capitalization Issue *(Note 14(i)(b))*	–	–	(17,344)	(17,344)	–	(17,344)
Issuance of ordinary shares pursuant to initial public offering and exercise of over-allotment option *(Note 14(i))*	5,122,715	–	–	5,122,715	–	5,122,715
Dividends declared by Mudanjiang Maoju Household Products Co., Ltd.	–	–	–	–	(720)	(720)
Dividends declared by Super Rocket Limited	–	–	–	–	(9,745)	(9,745)
Acquisition of subsidiaries	–	–	(282,005)	(282,005)	–	(282,005)
Appropriation to statutory reserves *(Note (b))*	–	39,942	–	39,942	(39,942)	–
Balance at 31 December 2020	7,063,990	113,073	(1,581,284)	5,595,779	831,709	6,427,488
Representing:						
Proposed final dividend					217,695	217,695
Others					614,014	6,209,793
					831,709	6,427,488

Note:

(a) On 18 June 2019 Mudanjiang Maoju received capital injection of RMB1,000,000 from its then shareholder. The amount was recorded as other reserve.

(b) In accordance with the Companies Laws of the PRC and the stipulated provisions of the articles of association of subsidiaries with limited liabilities in the PRC, appropriation of net profits (after offsetting accumulated losses from prior years) should be made by these companies to their respective Statutory Surplus Reserve Funds and the Discretionary Reserve Funds before distributions are made to the owners. The percentage of appropriation to Statutory Surplus Reserve Fund is 10%. The amount to be transferred to the Discretionary Reserve Fund is determined by the equity owners of these companies. When the balance of the Statutory Surplus Reserve Fund reaches 50% of the registered capital, such transfer needs not to be made. Both the Statutory Surplus Reserve Fund and Discretionary Reserves Fund can be capitalized as capital of an enterprise, provided that the remaining Statutory Surplus Reserve Fund shall not be less than 25% of the registered paid in capital.

16. TRADE AND OTHER PAYABLES

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Trade payables *(Note (a))*		
– Related parties	**38,756**	27,018
– Third parties	**640,647**	141,131
	679,403	168,149
Other payables		
– Payable to related parties	**207,492**	1,001,292
– Accrued expenses	**866,893**	372,867
– Amounts collected on behalf of property owners	**542,774**	341,738
– Consideration payable arising from non-controlling shareholders' put option	**320,344**	19,997
– Purchase consideration	**320,295**	5,959
– Deposits	**25,621**	–
– Other payables	**24,129**	–
	2,307,548	1,741,853
Interest payable	**–**	3,050
	2,986,951	1,913,052

Note

(a) At 31 December 2020 and 2019, the ageing analysis of the trade payables based on invoice date were are follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Within 1 year	**670,056**	148,753
1 to 2 years	**6,065**	13,967
2 to 3 years	**1,826**	1,965
3 to 4 years	**723**	2,422
4 to 5 years	**733**	19
Over 5 years	**–**	1,023
	679,403	168,149

At 31 December 2020, trade and other payables were denominated in RMB.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with Model Code set out in Appendix 10 to the Listing Rules

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited as the code of conduct regarding securities transactions by the directors of the Company (the "Directors"). The Company has made specific enquiry of all Directors and all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the period from 30 October 2020 (the "Listing Date") to 31 December 2020.

Compliance with the Corporate Governance Code

The Company has complied with all the applicable code provisions set out in the Corporate Governance Code as contained in Appendix 14 of the Listing Rules throughout the period from the Listing Date to the date of this announcement.

Purchase, Sale or Redemption of Listed Securities

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

Annual General Meeting

The 2021 annual general meeting of the Company (the "AGM") will be held on Wednesday, 26 May 2021. A notice convening the AGM will be published and dispatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

Final Dividend

The Board has proposed a final dividend of HK11 cents (2019: Nil) per ordinary share for the year ended 31 December 2020. The proposed final dividend, if approved at the forthcoming AGM to be held on Wednesday, 26 May 2021, will be payable on Friday, 9 July 2021 to shareholders whose names appear on the register of members of the Company on Thursday, 3 June 2021.

Closure of Register of Members

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

(i) from Thursday, 20 May 2021 to Wednesday, 26 May 2021 (both days inclusive), for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 18 May 2021; and

(ii) on Wednesday, 2 June 2021 and Thursday, 3 June 2021, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at the address as set out in subparagraph (i) above no later than 4:30 p.m. on Tuesday, 1 June 2021.

During the periods mentioned in sub-paragraphs (i) and (ii) above, no transfer of shares will be registered.

On behalf of the Board
Shimao Services Holdings Limited
Hui Sai Tan, Jason
Chairman

Hong Kong, 15 March 2021

As at the date of this announcement, the Board comprises four Executive Directors, namely Mr. Hui Sai Tan, Jason (Chairman), Mr. Ye Mingjie (President), Mr. Cao Shiyang and Mr. Cai Wenwei; two Non-executive Directors, namely, Ms. Tang Fei and Mr. Sun Yan; and three Independent Non-executive Directors, namely, Ms. Kan Lai Kuen, Alice, Mr. Gu Yunchang and Ms. Zhou Xinyi.