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SUNAC 融創服務
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 2021**

RESULTS HIGHLIGHTS

For the year ended 31 December 2021:

- The revenue of the Group was approximately RMB7,904 million, representing an increase of approximately 70.9% as compared to last year;
- The Group's gross profit was approximately RMB2,491 million, representing an increase of approximately 95.3% as compared to last year;
- The profit of the Group for the year was approximately RMB1,358 million, representing a growth rate of approximately 118.5% as compared to last year; in particular, the profit attributable to the owners of the Company was approximately RMB1,276 million, representing a growth rate of approximately 113.9% as compared to last year; the net profit margin was approximately 17.2%;
- The Board proposed to declare a final dividend of RMB12.4 cents per share for the year ended 31 December 2021; and
- As at 31 December 2021, the gross floor area (“GFA”) under management of the Group was approximately 215 million sq.m., and the contracted GFA was approximately 358 million sq.m. whereas approximately 36.12 million sq.m. of the newly contracted GFA of the Group during the year were acquired through market expansion, representing an increase of approximately 210.8% as compared to last year.

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 2021 with comparative figures for the year ended 31 December 2020 (restated), as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

		Year ended 31 December	
	Note	2021	2020
		RMB'000	RMB'000
			(Restated)
			(Note 2(b))
Revenue	4	7,903,674	4,625,166
Cost of sales	5	<u>(5,412,704)</u>	<u>(3,349,469)</u>
Gross profit		2,490,970	1,275,697
Administrative expenses	5	(749,217)	(501,986)
Selling and marketing expenses	5	(68,703)	(28,772)
Net impairment losses on financial assets	5	(195,512)	(14,954)
Other income and expenses		67,159	56,771
Other gains – net		<u>92,081</u>	<u>11,018</u>
Operating profit		1,636,778	797,774
Finance income		144,712	12,566
Finance costs		<u>(7,016)</u>	<u>(2,096)</u>
Finance income – net		137,696	10,470
Share of post-tax profits of associates and joint ventures accounted for using the equity method, net		<u>10,501</u>	<u>8,572</u>
Profit before income tax		1,784,975	816,816
Income tax expense	6	<u>(426,481)</u>	<u>(195,185)</u>
Profit for the year		<u>1,358,494</u>	<u>621,631</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(CONTINUED)

For the year ended 31 December 2021

		Year ended 31 December	
	<i>Note</i>	2021	2020
		RMB'000	<i>RMB'000</i>
			(Restated)
			(Note 2(b))
Other comprehensive income for the year		<u><u>–</u></u>	<u><u>–</u></u>
Total comprehensive income for the year		<u><u>1,358,494</u></u>	<u><u>621,631</u></u>
Total comprehensive income attributable to			
– Owners of the Company		<u>1,276,326</u>	<u>596,799</u>
– Non-controlling interests		<u>82,168</u>	<u>24,832</u>
		<u><u>1,358,494</u></u>	<u><u>621,631</u></u>
Earnings per share			
(expressed in RMB per share)			
– Basic and diluted earnings per share	7	<u><u>0.41</u></u>	<u><u>0.25</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

		As at 31 December	
	Note	2021	2020
		RMB'000	RMB'000
			(Restated)
			(Note 2(b))
ASSETS			
Non-current assets			
Property, plant and equipment		122,273	58,910
Right-of-use assets		83,831	45,163
Investment properties		47,920	—
Intangible assets	9	2,110,527	1,317,838
Deferred tax assets		87,480	37,754
Investments accounted for using the equity method		77,601	58,262
Financial assets at fair value through profit or loss		478,201	390,500
Other receivables	10	204,887	32,682
Prepayments		36,071	9,369
		<u>3,248,791</u>	<u>1,950,478</u>
Current assets			
Inventories		57,982	40,919
Trade and other receivables	10	4,361,416	1,352,133
Prepayments		43,414	36,542
Cash and cash equivalents		5,304,239	9,368,602
Restricted cash		14,129	9,958
Bank deposits with the maturity over three months		60,000	—
Financial assets at fair value through profit or loss		378,295	200,829
		<u>10,219,475</u>	<u>11,008,983</u>
Total assets		<u><u>13,468,266</u></u>	<u><u>12,959,461</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2021

		As at 31 December	
	<i>Note</i>	2021	2020
		RMB'000	RMB'000
			(Restated) (Note 2(b))
EQUITY AND LIABILITIES			
Equity attributable to the owners of the Company			
Share capital		25,881	26,035
Treasury stock		(35,435)	—
Reserves		6,611,648	8,910,940
Retained earnings		1,899,431	742,899
		8,501,525	9,679,874
Non-controlling interests		171,462	51,281
Total equity		8,672,987	9,731,155
LIABILITIES			
Non-current liabilities			
Lease liabilities		88,692	21,491
Other payables	<i>11</i>	—	169,624
Deferred tax liabilities		161,076	81,256
		249,768	272,371
Current liabilities			
Lease liabilities		32,245	19,761
Trade and other payables	<i>11</i>	2,744,802	1,779,418
Contract liabilities		1,444,247	1,005,281
Current income tax liabilities		324,217	151,475
		4,545,511	2,955,935
Total liabilities		4,795,279	3,228,306
Total equity and liabilities		13,468,266	12,959,461

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, community living services and commercial operational services in the People's Republic of China (the “**PRC**”).

The Company was incorporated in the Cayman Islands on 10 January 2019 as an exempted company with limited liability under the Companies Law (Cap. 22, law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the registered office of the Company is One Nexus Way, Camana Bay, Grand Cayman KY1-9005, Cayman Islands.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The ultimate holding company of the Company is Sunac China Holdings Limited (the “**Sunac China**”), an exempted company incorporated in the Cayman Islands with limited liability and its shares are listed on the Stock Exchange.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

(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 (“**HKCO**”) 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 and investment properties that are measured at fair value.

(iii) New and amended standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2021:

- Interest rate benchmark reform – Phase 2 – amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16

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.

(iv) **New standards and interpretations not yet adopted by the Group**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods 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
Amendments to HKFRS 3 – Update reference to the conceptual framework	1 January 2022
Amendments to HKAS 16 – Proceeds before intended use	1 January 2022
Amendments to HKAS 37 – Onerous contracts – costs of fulfilling a contract	1 January 2022
Annual Improvements to HKFRSs Standards 2018–2020	1 January 2022
Revised Accounting Guideline 5 – Merger accounting for common control combination	1 January 2022
Hong Kong Interpretation 5 (2020) – Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
HKFRS 17 – Insurance contract	1 January 2023
Amendments to HKAS 1 – Classification of liabilities as current or non-current	1 January 2023
Amendments to HKAS 12 – Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of accounting policies	1 January 2023
Amendments to HKAS 8 – Definition of accounting estimates	1 January 2023
Amendments to HKFRS 10 and HKAS 28 – Sale or contribution of assets between an investor and its associates or joint ventures	To be determined

(b) **Application of Business Combination under Common Control**

On 7 November 2021, the Company entered into the acquisition agreement with Sunac China, pursuant to which the Company agreed to acquire the entire equity interest of Rongle Times (Hainan) Business Management Co., Ltd. (“**Rongle Times**”) and its subsidiaries (“**Rongle Times Group**”) at a consideration of RMB1,800.0 million. The entire equity interest of Rongle Times Group was transferred to the Group on 12 November 2021.

For the purpose of these consolidated financial statements, the Company and Rongle Times Group were under common control of Sunac China, it is accounted for as a business combination under common control. The assets and liabilities of the entities are consolidated by the Group using the existing book values from the controlling parties’ perspective as if Rongle Times Group had been in existence within the Group structure throughout the periods presented, or since the date when the companies first came under the control of ultimate controlling party, whichever is a shorter period.

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 2021, the Group is principally engaged in the provision of property management services, value-added services to non-property owners, community living services and commercial operational 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 2021.

4. REVENUE OF SERVICES

Revenue mainly comprises of proceeds from property management services, value-added services to non-property owners, community living services and commercial operational services. An analysis of the Group’s revenue by category for the years ended 31 December 2021 and 2020 was as follows:

	Year ended December 31	
	2021	2020
	RMB’000	RMB’000
		(Restated)
<i>Recognised over time</i>		
– Property management services	4,538,512	2,736,145
– Value-added services to non-property owners	2,255,073	1,450,483
– Community living services	212,127	113,600
– Commercial operational services	176,071	2,657
	7,181,783	4,302,885
<i>Recognised at a point in time</i>		
– Property management services	–	37,374
– Value-added services to non-property owners	426,642	222,260
– Community living services	295,249	62,647
	721,891	322,281
	7,903,674	4,625,166

For the year ended 31 December 2021, revenue from Sunac China and its subsidiaries, associates and joint ventures contributed 42.0% (2020: 43.6% (restated)) 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 2021 and 2020.

Contract liabilities

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

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Contract liabilities		
– Third parties	1,351,528	944,216
– Related parties	92,719	61,065
	1,444,247	1,005,281

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 December 31	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Employee benefit expenses	3,223,597	2,232,119
Security, maintenance, cleaning and greening costs	1,892,078	966,910
Utilities	177,441	89,467
Consumable materials cost	123,133	53,420
Sub-contract expenses for property agency services	179,814	88,592
Depreciation and amortisation	129,321	82,215
Travelling and entertainment expenses	119,601	78,221
Office and communication expenses	88,711	65,298
Taxes and surcharges	35,717	28,708
Net impairment losses on financial assets	195,512	14,954
Listing expenses	–	22,044
Rental expenses for short-term leases and low-value assets	35,980	40,978
Cost of goods sold	31,232	8,852
Auditors' remuneration		
– Audit services	2,830	2,804
– Non-audit services	–	–
Others	191,169	120,599
	6,426,136	3,895,181

6. INCOME TAX EXPENSE

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Current income tax	423,519	184,827
Deferred income tax	2,962	10,358
	<u>426,481</u>	<u>195,185</u>

7. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit attributable to the 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 2021 and 2020, excluding shares repurchased and the weighted average number of ordinary shares used for 2020 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 2020;
- the 2,300,500,000 shares in connection with capitalisation issue was deemed to have been in issue since 1 January 2020; and
- the repurchase of 12,500 shares of USD1.00 each was deemed to have been completed since 1 January 2020.

The Company did not have any potential ordinary shares outstanding to be issued during the years ended 31 December 2021 and 2020. Diluted earnings per share is equal to basic earnings per share.

	Year ended 31 December	
	2021	2020
		(Restated)
Profit attributable to the owners of the Company (RMB'000)	<u>1,276,326</u>	<u>596,799</u>
Weighted average number of ordinary shares in issue	<u>3,098,355,732</u>	<u>2,395,824,658</u>
Basic earnings per share for profit attributable to the owners of the Company during the year (expressed in RMB per share)	<u>0.41</u>	<u>0.25</u>

8. DIVIDENDS

A dividend in respect of the year ended 31 December 2021 of RMB0.124 per share, amounting to approximately RMB381.7 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 the date of the approval of the consolidated financial statements. These financial statements did not reflect this dividend payable.

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Proposed final dividend of RMB0.124 (2020: RMB0.058) per ordinary share	381,726	180,003

9. INTANGIBLE ASSETS

	Goodwill	Customer relationships	Software and others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2020				
Cost	–	60,323	12,979	73,302
Accumulated amortisation	–	(8,676)	(1,396)	(10,072)
Net book amount	–	51,647	11,583	63,230
Year ended 31 December 2020				
Opening net book amount	–	51,647	11,583	63,230
Acquisition of Chengdu Global Century Property Services Co., Ltd.	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	1,020,216	218,920	78,702	1,317,838
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	1,020,216	218,920	78,702	1,317,838

	Goodwill RMB'000	Customer relationships RMB'000	Software and others RMB'000	Total RMB'000
Year ended 31 December 2021				
Opening net book amount	1,020,216	218,920	78,702	1,317,838
Acquisition of subsidiaries	667,320	154,440	11,565	833,325
Additions	–	–	31,629	31,629
Disposal	–	–	(653)	(653)
Amortisation	–	(49,526)	(22,086)	(71,612)
Closing net book amount	1,687,536	323,834	99,157	2,110,527
As at 31 December 2021				
Cost	1,687,536	410,374	134,747	2,232,657
Accumulated amortisation	–	(86,540)	(35,590)	(122,130)
As at 31 December 2021	1,687,536	323,834	99,157	2,110,527

Amortisation expenses of approximately RMB55.8 million (2020: approximately RMB32.2 million) has been charged to “cost of sales” and approximately RMB15.8 million (2020: approximately RMB8.3 million) has been charged to “administrative expenses”.

10. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Non-current		
Deposits for property management services	2,000	6,000
Other receivables (ii)	214,700	26,682
	216,700	32,682
Less: loss allowance	(11,813)	–
	204,887	32,682
Current		
Trade receivables (i)	4,037,103	1,083,501
Other receivables (ii)	547,304	304,289
	4,584,407	1,387,790
Less: loss allowance	(222,991)	(35,657)
	4,361,416	1,352,133

As at 31 December 2021 and 2020, 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, community living services and commercial operational services are received in accordance with the term of the relevant service agreements and are due for payment upon rendering of service. As at 31 December 2021, trade receivables from related parties was amounted to approximately RMB3,035.7 million and trade receivables from the third parties was amounted to approximately RMB1,001.4 million, respectively. The ageing analysis of trade receivables based on dates of rendering of services is as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Within 1 year	3,336,303	881,332
1 to 2 years	609,283	124,560
2 to 3 years	48,458	35,890
3 to 4 years	20,006	22,594
4 to 5 years	14,363	14,297
Over 5 years	8,690	4,828
	4,037,103	1,083,501

- (ii) Other receivables mainly include refundable deposit paid to related parties, the payments on behalf of property owners in respect of utilities costs and the lease receivables in the sublease.

11. TRADE AND OTHER PAYABLES

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Non-current		
Consideration payable for acquisition of Zhejiang New Century Property Management Co., Ltd.	–	169,624
Current		
Trade payables (i)	712,923	377,884
Payroll and welfare payables	569,654	447,810
Temporary receipt on behalf (ii)	388,347	189,212
Deposits payables	349,842	235,297
Consideration payables for acquisition transactions	186,624	226,165
Consideration payable arising from non-controlling shareholders' put option	182,500	–
Other tax payable	143,318	102,794
Amounts due to related parties (iii)	65,829	94,323
Accruals and others	145,765	105,933
	2,744,802	1,779,418

As at 31 December 2021 and 2020, 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	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Within 1 years	690,816	367,872
1 to 2 years	13,929	7,004
2 to 3 years	6,136	2,375
Over 3 years	2,042	633
	712,923	377,884

- (ii) Temporary receipt on behalf mainly represented the proceeds received from property owners in respect of utilities costs and miscellaneous income on common area resources payable to 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 2021, the Group recorded revenue amounting to approximately RMB7,903.7 million, representing a substantial increase of approximately RMB3,278.5 million (approximately 70.9%) as compared with approximately RMB4,625.2 million for the year ended 31 December 2020 (restated). 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			
	2021		2020 (restated)	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management services	4,538,512	57.4	2,773,519	60.0
Value-added services to non-property owners	2,681,715	34.0	1,672,743	36.1
Community living services	507,376	6.4	176,247	3.8
Commercial operational services	176,071	2.2	2,657	0.1
Total	<u>7,903,674</u>	<u>100.0</u>	<u>4,625,166</u>	<u>100.0</u>

The Group continues to optimize its current revenue structure. During the year, revenue from community living services accounted for a higher percentage of the Group's total revenue as compared with that for the year ended 31 December 2020 (restated). Meanwhile, the Group acquired Rongle Times Group in 2021, adding a new business of commercial operational services. Rongle Times Group completed its equity restructuring in early 2021, upon which many quality commercial management projects were incorporated into Rongle Times Group, and as a result its revenue increased significantly as compared with that for 2020.

Property management services

For the year ended 31 December 2021, the Group's revenue from property management services was approximately RMB4,538.5 million, representing an increase of approximately RMB1,765.0 million (approximately 63.6%) as compared with that for the year ended 31 December 2020, which was mainly attributable to the increase in GFA under management that is in line with the Group's business expansion.

The Group's GFA under management was approximately 214.7 million sq.m. as at 31 December 2021, representing an increase of approximately 58.9% as compared with approximately 135.1 million sq.m. as at 31 December 2020. The proportion of the Group's GFA under management which came from the properties developed by independent third-party property developers increased continuously from 32.1% as at 31 December 2020 to 37.1% as at 31 December 2021, which was mainly attributable to the Group's strengthened capability in market expansion and the completion of the acquisition of Zhangtai Services Group Co., Ltd. ("**Zhangtai Services**") during the year.

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							
	2021				2020			
	GFA under management '000 sq.m.	%	Revenue RMB'000	%	GFA under management '000 sq.m.	%	Revenue RMB'000	%
Properties developed by Sunac Group ⁽¹⁾	86,499	40.3	2,196,803	48.4	64,496	47.7	1,548,109	55.8
Properties developed by joint ventures and associates of Sunac Group ⁽²⁾	48,531	22.6	920,421	20.3	27,281	20.2	556,516	20.1
Properties developed by independent third party property developers ⁽³⁾	79,711	37.1	1,421,288	31.3	43,324	32.1	668,894	24.1
Total	214,741	100.0	4,538,512	100.0	135,101	100.0	2,773,519	100.0

Notes:

- (1) Including projects developed independently by Sunac China and its subsidiaries, excluding the Group ("**Sunac Group**"), and properties jointly developed by Sunac Group and other property developers in which Sunac Group has a controlling interest;
- (2) Including properties jointly developed by Sunac Group and other property developers in which Sunac Group does not have a controlling interest;
- (3) Including properties other than those developed independently by Sunac Group or jointly with other property developers.

By type of projects:

	As at or for the year ended 31 December							
	2021				2020			
	GFA under management		Revenue		GFA under management		Revenue	
	'000 sq.m.	%	RMB'000	%	'000 sq.m.	%	RMB'000	%
Residential properties	173,395	80.7	3,249,932	71.6	104,664	77.5	1,943,511	70.1
Non-residential properties	41,346	19.3	1,288,580	28.4	30,437	22.5	830,008	29.9
Total	214,741	100.0	4,538,512	100.0	135,101	100.0	2,773,519	100.0

Value-added services to non-property owners

For the year ended 31 December 2021, the Group's revenue from value-added services to non-property owners amounted to approximately RMB2,681.7 million, representing an increase of approximately RMB1,009.0 million (approximately 60.3%) as compared with approximately RMB1,672.7 million for the year ended 31 December 2020. This was mainly attributable to the revenue from the Group's new housing repair services of approximately RMB233.1 million, the increase in such revenue of approximately RMB56.2 million and the increase in the number of sales offices under management as a result of the acquisition of Zhangtai Services by the Group, the increase in pre-delivery services and initial involvement business due to increased delivery and the increase in smart projects and other business.

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			
	2021		2020	
	RMB'000	%	RMB'000	%
Sales assistance services	1,236,404	46.1	979,055	58.5
Consultancy and other value-added services	785,594	29.3	471,428	28.2
Property agency services	426,642	15.9	222,260	13.3
Housing repair services	233,075	8.7	—	—
Total	2,681,715	100.0	1,672,743	100.0

Community living services

For the year ended 31 December 2021, the Group's revenue from community living services was approximately RMB507.4 million, representing an increase of approximately RMB331.1 million (approximately 187.9%) as compared with that for the year ended 31 December 2020. With the fast increase in the Group's GFA under management and the expanding customer bases it serves, the Group continues to enrich its service category, explore strategic suppliers and make innovation on management modes, as result of which the community service capability is enhanced continuously.

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			
	2021		2020	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Convenience services	239,836	47.2	34,438	19.5
Space operation services	118,605	23.4	63,821	36.2
Real estate brokerage services	76,610	15.1	27,908	15.9
Property interior decoration services	72,325	14.3	29,944	17.0
Sale of use rights of car park spaces	—	—	20,136	11.4
Total	507,376	100.0	176,247	100.0

Convenience services mainly include housekeeping and cleaning, home repair and maintenance, community business and decoration management services based on the needs of property owners. Revenue from convenience services was approximately RMB239.8 million, representing an increase of approximately RMB205.4 million as compared with that for the year ended 31 December 2020. The Group constantly diversifies the types of convenience services and increases the penetration rate among property owners through product innovation and service quality enhancement.

Revenue from space operation services was approximately RMB118.6 million, representing an increase of approximately RMB54.8 million as compared with that for the year ended 31 December 2020. 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 real estate brokerage services was approximately RMB76.6 million, representing an increase of approximately RMB48.7 million as compared with that for the year ended 31 December 2020. As the delivery term of property management projects increases, the demand for real estate brokerage services from property owners increase. At the same time, the Group constantly improved the per capita efficiency of the real estate brokerage services business through professional management.

Revenue from property interior decoration services was approximately RMB72.3 million, representing an increase of approximately RMB42.4 million as compared with that for the year ended 31 December 2020. The Group actively promoted property interior decoration business in various projects, and the significant increase in its revenue was mainly due to the increasing proportion of such business in newly delivered property management projects.

Commercial operational services

Commercial operational services mainly include research and planning services, opening preparation services, tenant sourcing agency services and operation management services, etc. Revenue from commercial operational services was approximately RMB176.1 million, representing an increase of approximately RMB173.4 million as compared with that for the year ended 31 December 2020. The Group acquired Rongle Times Group in 2021, adding a new business of commercial operational services. Rongle Times Group completed its equity restructuring in early 2021, upon which many quality commercial management projects were incorporated into Rongle Times Group, and as a result its revenue increased significantly as compared with that for 2020.

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 and sales assistance services at the sales offices of property developers; (ii) security, maintenance, cleaning and greening costs in connection with sub-contracting services; (iii) utilities cost; (iv) cost of consumable materials; (v) sub-contract expenses payable to third-party real estate agents for the property agency services; (vi) depreciation and amortisation; (vii) office, travelling and communication cost; and (viii) other cost.

The Group's cost of sales amounted to approximately RMB5,412.7 million for the year ended 31 December 2021, representing an increase of approximately RMB2,063.2 million (approximately 61.6%) as compared with approximately RMB3,349.5 million for the year ended 31 December 2020 (restated). The increase in cost of sales was mainly due to the continuous increase in the scale of the Group's business.

3. Gross Profit and Gross Profit Margin

The Group's gross profit amounted to approximately RMB2,491.0 million for the year ended 31 December 2021, representing an increase of approximately RMB1,215.3 million (approximately 95.3%) as compared with approximately RMB1,275.7 million for the year ended 31 December 2020 (restated), which was mainly due to the significant increase in the Group's revenue. The Group's gross profit margin was approximately 31.5%, representing an increase of 3.9 percentage points from 27.6% for the year ended 31 December 2020 (restated), mainly attributable to the increase in the gross profit margin of property management services, which accounted for a higher proportion of revenue, and the higher proportion of revenue from community living services and commercial operational services with higher gross profit margin.

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			
	2021		2020	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management services	1,164,871	25.7	598,815	21.6
Value-added services to non-property owners	955,429	35.6	594,776	35.6
Community living services	231,251	45.6	81,552	46.3
Commercial operational services	139,419	79.2	554	20.9
Total	<u>2,490,970</u>	<u>31.5</u>	<u>1,275,697</u>	<u>27.6</u>

The gross profit margin of property management services increased significantly from approximately 21.6% for the year ended 31 December 2020 to approximately 25.7% for the year ended 31 December 2021, which was mainly due to (i) the effect of economies of scale as a result of the expansion of the Group's business scale and improvement of management density during the year; and (ii) the implementation of a series of efficiency improvement and cost reduction measures, including position intensification, promotion of combined human-machine operation, launch of smart community system, expansion of category of centralized purchase and active use of maintenance funds and common area revenue funds.

The gross profit margin of value-added services to non-property owners was approximately 35.6% for the year ended 31 December 2021, which remained stable as compared with 2020.

The gross profit margin of community living services was approximately 45.6% for the year ended 31 December 2021, which remained stable as compared with 2020.

The gross profit margin of commercial operational services increased significantly from approximately 20.9% for the year ended 31 December 2020 to approximately 79.2% for the year ended 31 December 2021, mainly due to the incorporation of many quality commercial management projects upon the completion of the equity restructuring of Rongle Times Group in early 2021.

4. Administrative Expenses

For the year ended 31 December 2021, the Group's administrative expenses amounted to approximately RMB749.2 million, representing an increase of approximately RMB247.2 million from approximately RMB502.0 million for the year ended 31 December 2020 (restated). The increase in administrative expenses was mainly attributable to the expansion of the Group's business scale and the increase in employee benefit expenses and office fees 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. The administrative expenses as a percentage of total revenue decreased by 1.4 percentage points to 9.5% for the year ended 31 December 2021 from 10.9% for the year ended 31 December 2020 (restated).

5. Selling and Marketing Expenses

For the year ended 31 December 2021, the Group's selling and marketing expenses amounted to approximately RMB68.7 million, representing an increase of approximately RMB39.9 million (approximately 138.8%) from approximately RMB28.8 million for the year ended 31 December 2020. The increase was mainly due to the increase in marketing personnel costs and related expenses arising from the Group's efforts in expanding premium third party properties.

6. Net Impairment Losses on Financial Assets

For the year ended 31 December 2021, the Group's net impairment losses on financial assets amounted to approximately RMB195.5 million, representing an increase of approximately RMB180.5 million from approximately RMB15.0 million for the year ended 31 December 2020. The increase in net impairment losses was mainly attributable to the increase in the balance of trade receivables of the Group, resulting from the slowing down of collection from related parties, also taking into account the change in credit risk due to the change in the property industry environment.

7. Finance Income, 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 2021, the Group's net finance income amounted to approximately RMB137.7 million, as compared to net finance income of approximately RMB10.5 million for the year ended 31 December 2020. The change was mainly because the average balance of bank deposits for the year resulted from the proceeds raised from listing was higher than the level of the same period of last year, resulting in the increase in interest income from the Group's deposits by approximately RMB128.9 million.

8. Net Profits

For the year ended 31 December 2021, the Group's net profits and net profit margin amounted to approximately RMB1,358.5 million and 17.2%, respectively, representing an increase of approximately RMB736.9 million (approximately 118.5%) and approximately 3.8 percentage points, respectively, from approximately RMB621.6 million and 13.4% for the year ended 31 December 2020 (restated). In particular, the profit attributable to owners of the Company was approximately RMB1,276.3 million, representing an increase of approximately RMB679.5 million (approximately 113.9%) from approximately RMB596.8 million for the year ended 31 December 2020 (restated).

The significant increase in the Group's net profit and net profit margin for the year under review 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 2021, the Group's intangible assets amounted to approximately RMB2,110.5 million, representing an increase of approximately RMB792.7 million as compared with approximately RMB1,317.8 million as at 31 December 2020, which was mainly attributable to the completion of the acquisitions of equity interests in Zhangtai Services and other companies during the period under review. These acquisitions generated goodwill of approximately RMB667.3 million, customer relationships of approximately RMB154.4 million and brands of approximately RMB10.9 million.

10. Trade and Other Receivables

Trade and other receivables include trade receivables and other receivables.

As at 31 December 2021, the Group's net trade and other receivables (including current and non-current) was approximately RMB4,566.3 million, representing an increase of approximately RMB3,181.5 million as compared with approximately RMB1,384.8 million as at 31 December 2020 (restated), 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 RMB2,781.4 million to approximately RMB3,832.2 million as at 31 December 2021 from approximately RMB1,050.8 million as at 31 December 2020 (restated). Such increase includes an increase in net trade receivables from third parties of approximately RMB456.9 million as a result of increase in revenue scale of basic property and community living services, and an increase in net trade receivables from related parties of approximately RMB2,324.5 million mainly due to significantly slower collection from related parties because of the change in the property industry environment in 2021, in addition to larger business scale.

11. Trade and Other Payables

Trade and other payables include trade payables and other payables which include temporary receipt on behalf, deposits payables, consideration payable arising from non-controlling shareholder's put option, consideration payables for acquisition transactions, payroll and welfare payables.

As at 31 December 2021, the Group's trade and other payables (including current and non-current) were approximately RMB2,744.8 million, representing an increase of approximately RMB795.8 million from approximately RMB1,949.0 million as at 31 December 2020 (restated).

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 2021, the Group's trade payables amounted to approximately RMB712.9 million, representing an increase of approximately RMB335.0 million from approximately RMB377.9 million as at 31 December 2020 (restated), which was mainly attributable to the increase in material, utilities and labor outsourcing expenses due to the expansion of the business scale of the Group.

Other payables increased by RMB460.7 million to approximately RMB2,031.9 million as at 31 December 2021 from approximately RMB1,571.2 million as at 31 December 2020, which was mainly due to the consideration payable arising from non-controlling shareholder's put option of approximately RMB182.5 million.

12. Liquidity, Financial and Capital Resources

As at 31 December 2021, the Group's total bank deposits and cash (including restricted bank deposits) amounted to approximately RMB5,378.4 million, representing a decrease of approximately RMB4,000.2 million from approximately RMB9,378.6 million as at 31 December 2020 (restated), which was mainly due to the net cash outflows of approximately RMB2,851.2 million as a result of equity acquisition and the decrease in cash inflows from operating activities as a result of the increase of trade receivables during the year.

As at 31 December 2021, the Group's net current assets (current assets less current liabilities) amounted to approximately RMB5,674.0 million (31 December 2020 (restated): approximately RMB8,053.0 million). The Group's current ratio (calculated by dividing current assets by current liabilities) was approximately 2.2 times (31 December 2020 (restated): approximately 3.7 times).

As at 31 December 2021, the Group had no loans or borrowings (31 December 2020: Nil).

The Group meets and expects to continue meeting its operating capital, capital expenditure and other capital needs with cash generated from operations and proceeds from the Company's listing on the Main Board of the Stock Exchange.

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 2021, 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 2021, none of the assets of the Group were pledged (2020: Nil).

16. Contingent Liabilities

As at 31 December 2021, the Group did not have any material contingent liabilities (2020: Nil).

BUSINESS REVIEW AND OUTLOOK

Review of 2021

2021 was an extraordinary year for the property management industry. In the first half of the year, under the encouragement and guidance of the notices issued by ten ministries and commissions and the National 14th Five-Year Plan, property management enterprises were moving towards providing high-quality and diversified services, with the scope and content of services being extended and the requirements for professionalism and standardization being further improved. In the second half of the year, with the liquidity of the real estate industry being under pressure, it became more imminent and important for property management enterprises to be increasingly market-oriented. During the year, the Group focused on improving comprehensive service capabilities and improved its capabilities in market expansion, operation and community living services while adhering to service quality.

For the year ended 31 December 2021, the Group continued to maintain the rapid growth of its performance and recorded a revenue of approximately RMB7,904 million, representing a year-on-year increase of approximately 70.9%. The profit attributable to the owners of the Company reached approximately RMB1,276 million, representing a year-on-year increase of 113.9%. The profitability of the Group improved steadily. Gross profit margin increased by 3.9 percentage points from approximately 27.6% in the same period last year to approximately 31.5%, and net profit margin increased by 3.8 percentage points from approximately 13.4% in the same period last year to approximately 17.2%. Meanwhile, the Company's business structure was further optimised. The proportion of gross profit of the community living services increased by 2.9 percentage points to 9.3%, the proportion of gross profit of the newly added commercial operation services was 5.6% and the proportion of gross profit of the value-added services to non-property owners decreased by 8.3 percentage points.

As at 31 December 2021, the GFA under management of the Group was approximately 215 million sq.m., representing an increase of approximately 58.9% as at 31 December 2020; and the contracted GFA was approximately 358 million sq.m., representing an increase of approximately 35.9% as at 31 December 2020. As at 31 December 2021, the GFA from third parties accounted for approximately 34.6% of the contracted GFA of the Group, representing an increase of 10.5 percentage points from the end of 2020. The GFA from third parties reached 67.65 million sq.m. and accounted for approximately 65.3% of the newly contracted GFA, of which the GFA acquired through market expansion grew by approximately 210.8% to 36.12 million sq.m., which exceeded the

GFA acquired from the parent company and through mergers and acquisitions for the first time and has become the primary way for scale growth. The significant increase in the GFA acquired through market expansion was mainly attributable to the Group's expansion of its expansion team, improvement of its management system and optimisation of its incentive mechanism with market competitiveness. While growing in scale quickly, the Group maintained quality development and continued to focus on the core first and second-tier cities to increase urban density. In addition, the Group proactively expanded superior non-residential segment, with rapid off-site duplication achieved in the fields of commercial and office buildings, public buildings, venues, schools, etc. and nationwide expansion completed in existing cities.

In terms of basic property management services, the Group persisted in focusing on quality service and continued to strengthen its basic service capability, thus the satisfaction rate of its property services maintained industry-leading level. Through measures such as the intensification of positions, the expansion of centralized procurement categories, optimized use of machines and tools, the construction of smart community, and the activation of the community revenue and maintenance funds, efficiency has been improved and costs have been reduced and the gross profit margin of basic property management has steadily increased to 25.7%.

In terms of community living services, the Group focused on its existing four main business of community convenience, real estate brokerage, property interior decoration and space operation, and adopted management and control modes such as putting key business under the direct management of the Group's core cities and establishing business division, so as to constantly develop standardised and customised service products. By virtue of exploring its self-operation model and improving the service capabilities of its teams, the Group doubled its revenue growth. For the year ended 31 December 2021, the Group's revenue from community living services grew by approximately 187.9%, the proportion of which increased to 6.4%, while its gross profit margin was approximately 45.6%.

In 2021, the Group started to provide new commercial operational services, broadening the service boundaries of commercial projects and enhancing the operational capabilities of commercial assets, which highly matched the Group's established strategy of building professional capabilities. The commercial management company of Sunac is committed to building the most influential entertainment commercial operation and management platform by providing a full chain of services such as tenant sourcing and operations and maintenance, marketing and promotion and intelligent guidance to commercial

entities, tenants and consumers. As at 31 December 2021, the commercial management company has established presence in 21 core cities in China with 33 contracted projects and approximately 4.04 million sq.m. of contracted GFA, of which 22 projects have commenced operations, and the commercial management projects under its management achieved annual sales of approximately RMB6,900 million with an annual traffic of 140 million visitors. The commercial management company has given full play to its advantages of project positioning and management in 2021 and secured a number of third-party projects in the first year of operations, getting off to a good start for external expansion in the future. At the same time, the commercial management business will develop with the Group's existing basic property management services in a coordinated way to provide them with more comprehensive and integrated services, thus helping improve customer experience in a comprehensive way, which will in turn significantly enhance the Group's market expansion capability in the commercial segment.

In terms of digital technology construction, the Group replenished and built up its own research team to accelerate its digitalization process, and supported cost reduction and efficiency improvement through launching online inspection before acceptance, equipment and facilities and the core business of community living services and optimizing the management systems of human resources, finance, procurement and other functions. At the same time, the data center with data precipitation capability has been set up, which laid a good foundation for the next step of data analysis and data-driven operation.

Outlook for 2022

The Group remains confident about the long-term development potential of the property management industry. With the property cycle coming to an end and in the era of stock, marketization development becomes more and more important for property development enterprises. In the future, property management enterprises will no longer only focus on scale and speed, and those with comprehensive service capabilities and marketization capabilities will win out in the long run. In 2022, industry differentiation will be further accelerated, and quality property management enterprises with long-term strategic focus will gradually establish barriers with their professional service capabilities and stand out in the market competition through providing differentiated services with their own characteristics. The Group remains focused on its strategy and sticks to taking comprehensive service capabilities as its core, which will help the Group maintain long-term and high quality development in fierce competition.

The Group will continue to take market expansion as its primary way for scale growth, focus on its existing urban layout to increase urban density and allocate more resources to core first and second-tier cities it further explores through differentiated incentive and appraisal systems. With professional service capabilities, the non-residential business will put more efforts on exploring the resources of projects under management and expand the service categories of non-residential projects, so as to provide and expand full-cycle services. Meanwhile, the Group will develop strategic customers and deepen cooperation with partners that have rich resources and advantages in non-residential market.

The Group sticks to improving the market competitiveness of project operations with quality services and continuous refined management. The Group has established a sound and standardized operation management system to support the fast duplication and implementation of market expansion projects. The Group will put more efforts on exploring customer demands and provide differentiated services with prices in line with quality to achieve a service as a product. Meanwhile, the Group will continue to explore and expand the potential services and boundaries in the non-residential area, develop professional capabilities in equipment and facilities management, environmental management and customer services, so as to establish our competitive edge in the non-residential segment.

As for the community living service business, relying on the good start in 2021, the Group will accelerate the duplication and promotion of established business model in 2022. The Group will continue to focus on the four main product categories, drive the conversion of customer demands with products, services and promotion, and integrate supplier resources to establish close linkage with principal business. Focusing on improving the experience of property owners, the community living services will further improve its service systems, develop professional products, cultivate the capabilities of self-operation and supply and speed up the transformation from resource advantages to advantages in products + services.

The year of 2021 was the first full year after the listing the Group, and the Group achieved outstanding results and established comprehensive service capabilities in an all-round way in spite of the changes in and challenges imposed by external environment. In 2022, the Group will accelerate the application of the capabilities to transform its advantages in compressive service capabilities into business advantages in market competition as soon as possible, so as to provide support to the continuing scale expansion and the duplication and implementation of the community living services business, making the Group a comprehensive service provider with the most long-term value.

Business Overview

As at 31 December 2021, the contracted GFA of the Group was approximately 358 million sq.m. covering 152 cities across 30 provinces, autonomous regions and municipalities in China. As at 31 December 2021, the Group's GFA under management was approximately 215 million sq.m. 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 2021:

City	Contracted GFA ('000 sq.m.)	Percentage	GFA under management ('000 sq.m.)	Percentage
Chongqing	27,434	7.7%	20,123	9.4%
Hangzhou	26,598	7.4%	20,316	9.5%
Tianjin	14,484	4.0%	12,330	5.7%
Guilin	13,556	3.8%	9,673	4.5%
Wuhan	10,814	3.0%	3,070	1.4%
Zhengzhou	9,895	2.8%	5,204	2.4%
Qingdao	9,784	2.7%	5,378	2.5%
Jinan	9,597	2.7%	7,412	3.5%
Xi'an	9,583	2.7%	5,592	2.6%
Wuxi	9,109	2.5%	7,049	3.3%
Taizhou	8,508	2.4%	6,715	3.1%
Meishan	8,507	2.4%	3,023	1.4%
Chengdu	7,895	2.2%	5,050	2.4%
Nanning	6,927	1.9%	3,520	1.6%
Kunming	6,895	1.9%	3,983	1.9%
Xuzhou	6,505	1.8%	5,081	2.4%
Shaoxing	6,409	1.8%	3,777	1.8%
Nanchang	5,962	1.7%	4,170	1.9%
Harbin	5,834	1.6%	4,310	2.0%
Shijiazhuang	4,766	1.3%	1,572	0.7%

City	Contracted GFA ('000 sq.m.)	Percentage	GFA under management ('000 sq.m.)	Percentage
Jiaxing	4,527	1.3%	2,785	1.3%
Ningbo	4,503	1.3%	2,435	1.1%
Shanghai	4,491	1.2%	3,490	1.6%
Guiyang	4,454	1.2%	809	0.4%
Kaifeng	3,806	1.1%	1,882	0.9%
Hefei	3,660	1.0%	2,873	1.3%
Yantai	3,477	1.0%	1,424	0.7%
Beijing	3,305	0.9%	2,844	1.3%
Shenyang	3,227	0.9%	2,638	1.2%
Wenzhou	3,103	0.9%	2,004	0.9%
Liuzhou	3,063	0.8%	969	0.5%
Others	107,720	30.1%	53,240	24.8%
Total	358,398	100%	214,741	100%

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 2021 (the “**AGM**”) is scheduled to be held on Thursday, 9 June 2022. 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 of the Company (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 Monday, 6 June 2022 to Thursday, 9 June 2022 (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, 2 June 2022.

The Board recommended a final dividend of RMB12.4 cents per ordinary share totalling approximately RMB381.7 million for the year ended 31 December 2021. 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 Monday, 27 June 2022. 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, 9 June 2022.

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 2021, the register of members of the Company will be closed from Wednesday, 15 June 2022 to Monday, 20 June 2022 (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 2021, all transfer documents 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 for registration no later than 4:30 p.m. on Tuesday, 14 June 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2021, the Company repurchased on the open market an aggregate of 23,764,000 ordinary shares of the Company at the total consideration of approximately HK\$322,298,626.90. The repurchased ordinary shares had been cancelled by the Company as of the date of this announcement.

Save as the aforesaid, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

EVENTS AFTER THE REPORTING PERIOD

On 3 January 2022, the Company announced the termination of the acquisition of 322,163,000 shares of First Service Holding Limited, as no formal agreement was entered into on or before 31 December 2021. For details of the acquisition, please refer to the announcements issued by the Company dated 1 November 2021, 22 November 2021, 30 November 2021 and 3 January 2022.

The Company has repurchased on the open market an aggregate of 1,300,000 ordinary shares at a total consideration of HK\$9,160,300 after 31 December 2021 up to the date of this announcement. The repurchased ordinary shares had been cancelled by the Company as of the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2021, the Group had 38,146 employees (2020: 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. 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 (if any) during the year ended 31 December 2021.

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 and had, throughout the year ended 31 December 2021, 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 2021.

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 2021 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the figures 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 2021 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, 29 March 2022

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. Xie Jianjun and Ms. Yang Man; the non-executive Directors are Mr. Lu Peng and Mr. Gao Xi; and the independent non-executive Directors are Ms. Wang Lihong, Mr. Yao Ning and Mr. Zhao Zhonghua.