sunac 融創服務

2021年度報告

ANNUAL REPORT

融創服務控股有限公司

SUNAC SERVICES HOLDINGS LIMITED

（於開曼群島注册成立的有限責任公司）

(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

STOCK CODE 股份代號：01516.HK

SUNAC

SERVICES

SUNAC SERVICES HOLDINGS LIMITED

融創服務控股有限公司

融創服務控股有限公司（「本公司」，連同其附屬公司統稱為「本集團」）是一家於香港聯合交易所有限公司（「聯交所」）主板上市的公司。自成立以來，本集團秉承以服務客戶為核心，持續創造美好生活。本集團是聚焦核心城市中高端物業，增長最快的中國大型綜合物業管理服務商之一，確立了領先的市場地位。本集團以「至善 • 致美」為服務理念，為客戶提供全面的高品質物業服務，致力於成為「中國品質服務引領者」。

Sunac Services Holdings Limited (the "Company", together with its subsidiaries, the "Group") is a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Since its establishment, the Group has continued to create a better life by serving customers as its core. The Group has established a leading market position as one of the fastest – growing large-scale comprehensive property management service providers in China focusing on mid-to-high-end properties in core cities. In pursuit of its service philosophy of "commitment to excellence and beauty" (至善•致美), the Group offers a full range of high-quality property services to its customers and is dedicated to becoming the "Leading Quality Service Provider in China".

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CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Mr. Wang Mengde

EXECUTIVE DIRECTORS

Ms. Cao Hongling *(Chief Executive Officer)*
Ms. Yang Man
Mr. Xie Jianjun *(appointed on 11 June 2021)*
Mr. Chen Bin *(resigned on 11 June 2021)*

NON-EXECUTIVE DIRECTOR

Mr. Lu Peng *(appointed on 7 November 2021)*
Mr. Gao Xi

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Wang Lihong
Mr. Yao Ning
Mr. Zhao Zhonghua

JOINT COMPANY SECRETARIES

Mr. Zhang Xiaoming
Ms. Wong Sau Ping

AUTHORISED REPRESENTATIVES

Ms. Yang Man
Mr. Zhang Xiaoming
Ms. Wong Sau Ping *(alternate to authorised representative)*

AUDIT COMMITTEE

Mr. Yao Ning *(Chairperson)*
Ms. Wang Lihong
Mr. Zhao Zhonghua

REMUNERATION COMMITTEE

Ms. Wang Lihong *(Chairperson)*
Ms. Cao Hongling
Mr. Yao Ning
Mr. Zhao Zhonghua

NOMINATION COMMITTEE

Mr. Wang Mengde *(Chairperson)*
Ms. Wang Lihong
Mr. Yao Ning
Mr. Zhao Zhonghua

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Floor 5, Tower A4
Aocheng Commercial Plaza
Nankai District
Tianjin
PRC

REGISTERED OFFICE

Intertrust Corporate Services (Cayman) Limited
One Nexus Way
Camana Bay Grand Cayman,
KY1-9005
Cayman Islands

CORPORATE INFORMATION

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

COMPLIANCE ADVISER

Ballas Capital Limited

LEGAL ADVISERS

Sidley Austin

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

Industrial and Commercial Bank of China
Bank of China

STOCK CODE

HKSE: 01516

COMPANY'S WEBSITE

www.sunacservice.com

FINANCIAL SCHEDULE

2021 Annual Results Announcement	29 March 2022
The register of members will be closed for determining the eligibility to attend 2022 AGM	6 June 2022 to 9 June 2022 (both dates inclusive)
2022 AGM	9 June 2022
The register of members will be closed for determining of entitlement to the final dividend	15 June 2022 to 20 June 2022 (both dates inclusive)
Distribution of the final dividend	On or about 27 June 2022

FINANCIAL SUMMARY

CONSOLIDATED RESULTS

	Year ended 31 December				
	2021	2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)[1]			
Revenue	**7,903,674**	4,625,166	2,827,374	1,841,542	1,111,525
Gross profit	**2,490,970**	1,275,697	720,294	423,953	233,311
Profit for the year	**1,358,494**	621,631	269,898	98,307	42,958
Profit attributable to owners of the Company	**1,276,326**	596,799	269,898	98,307	42,958
Basic earnings per share attributable to owners of the Company (RMB)	**0.41**	0.25	0.12	0.04	0.02
Dividend per share (RMB)	**0.124**	0.058			

CONSOLIDATED FINANCIAL POSITION

	As at 31 December				
	2021	2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)[1]			
Total assets	**13,468,266**	12,959,461	2,271,146	1,642,397	2,071,138
Total equity	**8,672,987**	9,731,155	497,875	24,602	(73,705)
Total liabilities	**4,795,279**	3,228,306	1,773,271	1,617,795	2,144,843

1. Please refer to note 2.2 to the consolidated financial statements for application of business combination under common control.

Dear Shareholders,

I am pleased to present to you the business review of the Group for the year ended 31 December 2021 and the outlook for 2022.

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.

Sunac Services Holdings Limited
Wang Mengde
Chairman of the Board

Hong Kong, 29 March 2022

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)	
	RMB'000	**%**	RMB'000	%
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	**7,903,674**	**100.0**	4,625,166	100.0

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	
	RMB'000	%	RMB'000	%
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	
	RMB'000	**%**	RMB'000	%
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	**2,490,970**	**31.5**	1,275,697	27.6

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 gearing ratio (as calculated by dividing total borrowings less lease liabilities by total equity as at the date indicated and multiplied by 100%) as at 31 December 2021 was 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).

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%
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%

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

CHAIRMAN OF THE BOARD AND NON-EXECUTIVE DIRECTOR

Mr. Wang Mengde, aged 51, is the chairman of the Board and a non-executive Director, and is responsible for providing guidance and formulating development strategies for the overall development of the Group. Mr. Wang has been the chairman of the Board and non-executive Director of the Company since August 2020. Mr. Wang has nearly 20 years of experience in the real estate industry in China. Mr. Wang joined Sunac Group in October 2006 as the chief financial officer and vice president of Sunac Group where he was responsible for matters in relation to finance and audit. He has been an executive president and the chief executive officer of Sunac China since 2011 and 2015, respectively, and has been responsible for strategic decisions, business planning and major operational decisions. Mr. Wang graduated from Nankai University (南開大學) in the PRC with a bachelor's degree in auditing in June 1997.

EXECUTIVE DIRECTORS

Ms. Cao Hongling, aged 47, is an executive Director and is an chief executive officer of the Company. Ms. Cao has been a Director of the Company since January 2019, and was re-designated as an executive Director and appointed as the chief executive officer in August 2020. Ms. Cao is mainly responsible for the daily operations, formulation of the overall strategy, business planning and operational decisions of the Group. Ms. Cao joined Sunac Group in February 2007 and served as the chief financial officer of Sunac Group from 2015 to 2019. She is currently an executive president of Sunac Group. After joining Sunac Group, Ms. Cao had successively served as the general manager of the financial management centre, the general manager of the costing, tendering and procurement centre and the general manager of the financing management centre of Sunac Group, and had also successively supervised the affairs of the information management department and internal audit department of Sunac Group. Ms. Cao obtained a bachelor's degree in accounting from Tianjin University of Finance and Economics (天津財經大學) in the PRC in July 1998. Ms. Cao is an associate of The Chinese Institute of Certified Public Accountants (中國註冊會計師協會).

Ms. Yang Man, aged 40, is an executive Director and the chief financial officer of the Company and vice president of the Group. Ms. Yang was appointed as a general manager of the financial management department of the Group in April 2018 and became an assistant to the president in January 2019. She has been the vice president of the Group since April 2020, and was appointed as an executive Director and the chief financial officer in August 2020, and is responsible for the Group's overall financial and cost management, procurement management, internal audit, legal affairs and capital market-related matters. Prior to joining the Group, she worked in PricewaterhouseCoopers Zhong Tian LLP until January 2018 where her last held position was senior audit manager. Ms. Yang has been a member of the Association of Chartered Certified Accountants (ACCA) (特許公認會計師公會會員) and a member of the Certified General Accountants Association of Canada (加拿大註冊會計師協會) since May 2010, and a member of Chinese Institute of certified public accountant since April 2013. Ms. Yang obtained a bachelor's degree and a master's degree in accountancy from Nankai University (南開大學) in the PRC in June 2004 and June 2006, respectively.

Mr. Xie Jianjun, aged 51, is an executive Director of the Company and vice president of the Group, he is responsible for the market expansion and mergers and acquisitions of the Group. Mr. Xie has over 20 years of experience in the property industry in the PRC. From June 2001 to November 2002, Mr. Xie served as the manager of the safety department of New Century Real Estate Group Co., Ltd., where he was responsible for overseeing safety issues. From December 2002 to January 2005, Mr. Xie was the manager of Shanghai New Century Tourism Property Management Co., Ltd. (上海開元旅業物業管理有限公司), a property management company, where he was responsible for the daily operation of the company. From February 2005 to July 2014, Mr. Xie was the vice general manager of New Century Property Management and he served as the general manager of New Century Property Management from July 2014 to June 2020. Mr. Xie graduated from Wuchang University of Technology (武昌理工學院) in the PRC majoring in engineering management in December 2015. Mr. Xie has been the deputy secretary-general of China Property Management Association (中國物業管理協會) since May 2019.

NON-EXECUTIVE DIRECTOR

Mr. Lu Peng, aged 46, is a non-executive Director of the Company, and is responsible for providing guidance for the development of the commercial management business of the Group. Mr. Lu is the executive president of the Sunac Group and the president of the Sunac Culture & Tourism Group currently. He joined the Sunac Group in 2003. During such period, he was responsible for core business areas, such as building benchmark residential projects, establishing Sunac's product portfolio, investment and mergers and acquisitions, and expanding its presence in industrial development successively. In recent years, he devoted himself to the development of the cultural and tourism industry and led many large-scale cultural and tourism complex projects since the establishment of the Sunac Culture & Tourism Group, and had extensive practical experience in the synergetic development of the industry and cross-sector. Mr. Lu graduated from the School of Materials of Tianjin University in 1999.

Mr. Gao Xi, aged 41, is a non-executive Director of the Company, and is responsible for providing guidance and formulating development strategies for the overall development of the Group. Mr. Gao was appointed as a non-executive Director of the Company in August 2020. Mr. Gao joined Sunac Group in December 2007, and has held different positions in the capital operations centre, financial management department and financing management department of Sunac Group since then. Mr. Gao had acted successively as the manager, director and general manager of the capital management department of Sunac Group since 2011, has been the company secretary of Sunac China since 2015, and has been the chief financial officer of Sunac China since 2019. Currently, Mr. Gao is mainly responsible for such matters related to investor relations, financing, strategic investment, listing compliance and corporate governance of Sunac Group. Mr. Gao graduated from Shanxi University of Finance & Economics (山西財經大學) in the PRC in July 2008 with a master's degree in quantitative economics.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Wang Lihong, aged 54, was appointed as an independent non-executive Director in October 2020. Ms. Wang is the chairman of the Company's remuneration committee and the member of the audit committee and nomination committee, and is primarily responsible for providing independent advice on the operations and management of the Group.

Ms. Wang served as the chairman and chief executive officer of RISE Education Cayman Ltd, a company listed on the NASDAQ (stock code: REDU) from January 2020 to December 2021 and has been serving as the chairman since January 2021. Ms. Wang has served as a non-executive director of Huifu Payment Limited (stock code: 1806) since November 2019, which was delisted from the Stock Exchange in March 2021. She has over 20 years of experience in the corporate management, finance and private equity industry. Ms. Wang received a Bachelor of Science degree from Fudan University (復旦大學) in the PRC in July 1990 and a Master's degree in Business Administration from Columbia Business School in the United States in May 1999.

Mr. Yao Ning, aged 48, was appointed as an independent non-executive Director in October 2020. Mr. Yao is the chairman of the Company's audit committee and the member of nomination committee and remuneration committee, and is primarily responsible for providing independent advice on the operations and management of the Group. Mr. Yao has over 20 years of experience in accountancy. Mr. Yao has been the chairman and general manager of Beijing Ehoutai Taxation Consultancy Co., Ltd. (北京易後台財税科技有限公司), a financial and taxation consultancy company, since July 2016, where he is responsible for overall management.

Since May 2016, Mr. Yao has been a director of Beijing Shidai Xingmeng Technology Holdings Co., Ltd. (北京時代星盟科技股份有限公司) (stock code: 430246), an information technology company listed on the NEEQ. Mr. Yao was appointed as an independent non-executive director of Shanghai Yahong Moulding Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 603159), on 26 February 2021; he was appointed as an independent director of Huayuan Property Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600743), on 11 May 2021. In addition, Mr. Yao holds directorships in various listed companies whose shares are listed on the Shenzhen Stock Exchange. Mr. Yao has been an independent director of Beijing Career International Co., Ltd. (北京科銳國際人力資源股份有限公司) (stock code: 300662), a human resources service provider, from January 2015 to January 2021; an independent director of Changjiang Runfa Health Industry Co., Ltd. (長江潤發健康產業股份有限公司) (stock code: 002435), a pharmaceutical company, from December 2016 to January 2021; an independent director of Jinke Property Group Co., Ltd. (金科地產集團股份有限公司) (stock code: 000656), a real estate company, from May 2017 to January 2021; and an independent director of Wo Ai Wo Jia Holdings Group Co., Ltd. (我愛我家控股集團股份有限公司) (stock code: 000560), a real estate broker, from August 2014 to August 2020. From April 2017 to April 2020, he served as independent director of Heilan Home Co., Ltd. (海瀾之家股份有限公司), an apparel company listed on the Shanghai Stock Exchange (stock code: 600398).

Mr. Yao graduated from Nankai University (南開大學) in the PRC with a major in accountancy in June 1997 and obtained a master's degree in accountancy from Peking University (北京大學) in the PRC in January 2008. Mr. Yao has been a certified public accountant in the PRC since August 2000 and a certified asset appraiser since May 2001. Mr. Yao has also obtained the qualification certificate of independent director from the Shanghai Stock Exchange in August 2010.

Mr. Zhao Zhonghua, aged 40, was appointed as an independent non-executive Director in October 2020. Mr. Zhao is the member of the Company's audit committee, nomination committee and remuneration committee, and is primarily responsible for providing independent advice on the operations and management of the Group. Mr. Zhao has over 10 years of experience in property management industry policies and legal affairs. Prior to joining the Group, from July 2009 to October 2011, he successively served as the vice principal staff member and the principal staff member of the Property Management Service Guidance Centre of Beijing Municipal Commission of Housing and Urban-Rural Development (北京市住房和城鄉建設委員會物業服務指導中心) and, from October 2011 to September 2014, he was seconded to the Ministry of Housing and Urban-Rural Development of the PRC (中國住房和城鄉建設部) for training. From February 2015 to August 2015, Mr. Zhao worked at Zhongmin Property Investment Company Limited (中民未來控股集團有限公司, formerly known as 中民物業有限責任公司), a company mainly engaged in corporate and investment management. From September 2017 to September 2019, he served as executive director of Zhongwu Zhiyuan (Beijing) Legal Consulting Company Limited (中物志遠(北京)法律諮詢有限公司). He has been a director of property management legal department of Beijing Yinghe Law Firm (北京瀛和律師事務所) since September 2019.

Mr. Zhao obtained a bachelor's degree in economics from Zhengzhou University (鄭州大學) in the PRC in July 2005 and a master's degree in law from Peking University (北京大學) in the PRC in July 2009. He is currently a committee member of National Property Service Standardization Technical Committees (全國物業服務標準化技術委員會). Since July 2019, he has been the vice president of Legal Policy Committee of China Property Management Association (中國物業管理協會法律政策工作委員會).

SENIOR MANAGEMENT

Ms. Zhang Yuan, aged 48, has been the vice president of the Group and the general manager of the commercial management company currently. Ms. Zhang has over 20 years' experience in the commercial property sector and has accumulated years' experience in senior management of the group. She successively served as a member of management in China region and North China region of CapitaLand Malls Asia, managing director of Beijing Vanke Commercial Management and partner of SCPG. Ms. Zhang possesses ability to manage the entire chain of from commercial investment, financing, development, management to investment exit, and led several successful cases of multi-project operation and fund cooperation. She has made remarkable contributions to the innovation and leadership of the commercial property industry and expanded business alliances for cross-sector ecosystem; Ms. Zhang is a member of China Chain Store & Franchise Association and an executive director of the China Real Estate Managers Union. She has received the Golden Lily Gold Manager Award for Shopping Malls by CCFA, and the Icon Award for Chinese Brand and Shopping Malls – Outstanding Commercial Real Estate Figure of the Year.

Ms. Yang Jing, aged 47, has been the vice president of the Group since April 2020, who is responsible for the overall Northern region business operations and management of the Group. She has been mainly responsible for overseeing the operation and management of the Group's business in the Northern region since February 2014. Ms. Yang joined Sunac Group in July 2006, and successively served as the general manager of the human resources administration centre and the general manager of the property management centre of Sunac Group. Ms. Yang graduated with a major in corporate management from Tianjin University of Finance and Economics in the PRC in July 1997. Ms. Yang is currently the vice chairman of Tianjin Property Management Association (天津市物業管理協會) and has also been a research expert in property management of Tianjin Land Resources and House Vocational College (天津國土資源房屋職業學院) since January 2019.

CHANGE IN INFORMATION OF DIRECTORS

Mr. Yao Ning was appointed as an independent director of Huayuan Property Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600743), on 11 May 2021.

Mr. Lu Peng was appointed as a non-executive Director on 7 November 2021.

Save as disclosed in this annual report, no information regarding Directors is subject to disclosure pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") since the publication of the interim report for the period ended 30 June 2021 by the Company.

CORPORATE GOVERNANCE REPORT

The Company recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability.

CORPORATE GOVERNANCE PRACTICES

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 the securities of the Company. Following specific enquiries of all the Directors, each Director confirmed that he/she had complied with the required standards as set out in the Model Code in relation to his/her securities dealings for the year ended 31 December 2021, if any.

COMPLIANCE WITH THE 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 for the year ended 31 December 2021, complied with all applicable code provisions under the Corporate Governance Code.

The Board recognises and appreciates the importance and benefits of good corporate governance practices and has adopted certain corporate governance and disclosure practices for achieving a higher standard of transparency and accountability. The Board members 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 regular trainings on the Listing Rules and other regulatory requirements. The Company has established an internal reporting practice throughout the Group in order to monitor the operation and business development of the Group.

During the year ended 31 December 2021, the corporate governance functions stipulated in code provision D.3.1 of the Corporate Governance Code were performed by the Audit Committee of the Company, which included: (i) developing and reviewing the Company's policies and practices on corporate governance and advising to the Board; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management; (iii) reviewing and monitoring the Company's policies and practices on legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors; and (v) reviewing the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report.

TRAININGS OF THE DIRECTORS

To ensure that each Director's better understanding in respect of the Company's conduct and business activities to perform their responsibilities as a Director, the Company will arrange appropriate training, including arranging and funding suitable training and professional development programme for the Directors. For newly appointed Directors, the Company shall also arrange for suitable induction training, so as to ensure that they have an appropriate understanding of the business and operations of the Group and that they are fully aware of their responsibilities and obligations under the Listing Rules and relevant regulatory requirements upon commencement of their directorship in the Company. During the year under review, all the Directors, together with the relevant senior management of the Company, have attended induction and/or trainings arranged by the Company.

Name of Director	Reading materials and updates relating to the latest development of the Listing Rules and other applicable regulatory requirements	Attending conference(s) relevant to the business of the Group/Listing Rules and Takeovers Code/ Directors' duties
Mr. Wang Mengde	√	√
Ms. Cao Hongling	√	√
Ms. Yang Man	√	√
Mr. Xie Jianjun *(appointed on 11 June 2021)*	√	√
Mr. Chen Bin *(resigned on 11 June 2021)*	√	√
Mr. Lu Peng *(appointed on 7 November 2021)*	√	√
Mr. Gao Xi	√	√
Ms. Wang Lihong	√	√
Mr. Yao Ning	√	√
Mr. Zhao Zhonghua	√	√

THE BOARD

The Board currently consists of nine Directors, comprising three executive Directors, three non-executive Directors and three independent non-executive Directors. The Board assumes the responsibility of leadership and control of the Company, and supervises and approves strategic development objectives, significant decisions of operations and financial performance of the Company. The management is delegated with authorities and responsibilities by the Board for the Company's daily operations and businesses management according to the Board's instructions. The Board has established various Board committees and has delegated various duties to the Board committees, including the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee"), and the nomination committee (the "Nomination Committee") of the Company (collectively, the "Board Committees"). All the Board Committees perform their distinct roles in accordance with their respective terms of reference.

BOARD COMPOSITION

CHAIRMAN OF THE BOARD AND NON-EXECUTIVE DIRECTOR

Mr. Wang Mengde

EXECUTIVE DIRECTORS

Ms. Cao Hongling *(Chief Executive Officer)*
Ms. Yang Man
Mr. Xie Jianjun *(appointed on 11 June 2021)*
Mr. Chen Bin *(resigned on 11 June 2021)*

NON-EXECUTIVE DIRECTOR

Mr. Lu Peng *(appointed on 7 November 2021)*
Mr. Gao Xi

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Wang Lihong
Mr. Yao Ning
Mr. Zhao Zhonghua

The Company has entered into service agreement with each of the executive Directors, and letter of appointment with each of the non-executive Directors and independent non-executive Directors. Further details of the term of appointment of the Directors are set out in the section headed "Particulars of Directors' Service Agreements" in Report of the Directors on page 41 of this annual report.

The Directors' respective biographical information is set out on pages 18 to 21 of this annual report. Save as disclosed, there is no relationship (including financial, business, family or other material relationship) between members of the Board.

For the year ended 31 December 2021, the Board had complied with Rule 3.10 and Rule 3.10A of the Listing Rules relating to the appointment of (i) at least three independent non-executive Directors; (ii) independent non-executive directors representing one-third of the Board; and (iii) at least one independent non-executive Director possessing appropriate qualification, or accounting or related financial management expertise.

The Company has received from each independent non-executive Director an annual written confirmation of his/her independence in accordance with Rule 3.13 of the Listing Rules. The Company considers each of the independent non-executive Directors to be independent.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company has distinguished the roles of chairman and chief executive officer in accordance with code provision A.1.2 of the Corporate Governance Code. Mr. Wang Mengde is the chairman of the Board, primarily responsible for providing guidance and formulation of business strategies for the overall development of the Group, whereas Ms. Cao Hongling is the chief executive officer of the Company, primarily responsible for the daily operations, formulation of the overall strategy, business planning and operational decisions of the Group.

BOARD MEETINGS AND ANNUAL GENERAL MEETING

The Board convened 4 regular meetings during the year ended 31 December 2021 to discuss corporate strategies, business plans and other significant issues of the Group. In addition, the Company has held an annual general meeting. Details of the attendance at the Board meetings and annual general meeting convened are set out as follows:

	Attendance/Number of meetings required to be attended	
Name of Director	**Annual General Meeting**	**Board Meeting**
Chairman and Non-executive Director		
Mr. Wang Mengde	1/1	4/4
Executive Directors		
Ms. Cao Hongling	1/1	4/4
Ms. Yang Man	1/1	4/4
Mr. Xie Jianjun *(appointed on 11 June 2021)*	0/0	2/2
Mr. Chen Bin *(resigned on 11 June 2021)*	0/1	2/2
Non-executive Directors		
Mr. Lu Peng *(appointed on 7 November 2021)*	0/0	0/0
Mr. Gao Xi	0/1	4/4
Independent Non-executive Directors		
Ms. Wang Lihong	0/1	4/4
Mr. Yao Ning	0/1	4/4
Mr. Zhao Zhonghua	1/1	4/4

BOARD COMMITTEES

The Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee and delegated various responsibilities to these committees, which assist the Board in discharging its duties and overseeing particular aspects of the Group's activities. Each of the Board Committees has specific written terms of reference which clearly specify their authority and duties. The chairperson of the Board Committees will report their findings and recommendations to the Board after each meeting of the Board Committees.

AUDIT COMMITTEE

The Audit Committee consists of three members, namely, Mr. Yao Ning, Ms. Wang Lihong and Mr. Zhao Zhonghua, all of whom are independent non-executive Directors. Mr. Yao Ning is the chairperson of the Audit Committee and the independent non-executive Director with the appropriate professional qualifications.

The primary duties of the Audit Committee include, among others, (i) reviewing and supervising financial reporting process, internal control system, risk management and internal audit of the Group; (ii) providing advice and comments to the Board; and (iii) performing other duties and responsibilities as may be assigned by the Board. The terms of reference of the Audit Committee were adopted by the Board on 18 November 2020 and are available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sunacservice.com).

During the year ended 31 December 2021, the Audit Committee held four meetings. The individual attendance of each member during the year ended 31 December 2021 is set out as follows:

Name of Member	Attendance/ Number of meetings required to be attended
Mr. YAO Ning *(Chairperson)*	4/4
Ms. WANG Lihong	4/4
Mr. ZHAO Zhonghua	4/4

The work performed by the Audit Committee during 2021 mainly included to (i) review the annual consolidated financial statements of the Group for the year ended 31 December 2020 and the condensed consolidated financial statements for the six months ended 30 June 2021; (ii) review the Company's relationship with the external auditor, discuss with the Company's external auditor on the tasks performed by them including the nature and scope of their audit and reporting obligations, and review the terms of engagement and their remuneration; (iii) review the appropriateness and effectiveness of the risk management and internal control systems of the Group and make relevant recommendations to the Board; (iv) review the effectiveness of the internal audit function of the Group; (v) review the adoption of the relevant accounting principles generally accepted and made recommendations to the Board on the adoption of accounting policies; and (vi) perform the corporate governance functions as stipulated in code provision D.3.1 of the Corporate Governance Code.

REMUNERATION COMMITTEE

The Remuneration Committee consists of one executive Director, namely Ms. Cao Hongling, and three independent non-executive Directors, namely, Ms. Wang Lihong, Mr. Yao Ning and Mr. Zhao Zhonghua. Ms. Wang Lihong is the chairperson of the Remuneration Committee.

The primary duties of the Remuneration Committee include, among others, (i) establishing, reviewing and providing advices to the Board on the Company's policy and structure concerning remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of each Director and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time. The terms of reference of the Remuneration Committee were adopted by the Board on 18 November 2020 and are available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sunacservice.com).

The Remuneration Committee adopted the operation model where it performs an advisory role to the Board and to make recommendations to the Board on the remuneration packages of Directors and senior management with the Board retaining the final authority to approve Directors' and senior management's remuneration.

During the year ended 31 December 2021, the Remuneration Committee held two meetings. The individual attendance of each member during the year ended 31 December 2021 is set out as follows:

Name of Member	Attendance/ Number of meetings required to be attended
Ms. WANG Lihong *(Chairperson)*	2/2
Ms. CAO Hongling	2/2
Mr. YAO Ning	2/2
Mr. ZHAO Zhonghua	2/2

The work performed by the Remuneration Committee during 2021 mainly included to (i) discuss and make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration; (ii) review and make recommendations to the Board on the remuneration packages of individual Directors and senior management of the Company; and (iii) assess the performance of Directors and review the terms of service agreements for the Directors and senior management.

NOMINATION COMMITTEE

The Nomination Committee consists of one non-executive Director, namely Mr. Wang Mengde, and three independent non-executive Directors, namely Ms. Wang Lihong, Mr. Yao Ning and Mr. Zhao Zhonghua. Mr. Wang Mengde is the chairperson of the Nomination Committee.

The primary duties of the Nomination Committee include, among others, (i) reviewing the structure, size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes to the composition of the Board; (ii) identifying, selecting or making recommendations to the Board on the selection of individuals nominated for directorship, and ensure the diversity of the Board members; (iii) assessing the independence of independent non-executive Directors; and (iv) making recommendations to the Board on relevant matters relating to the appointment, re-appointment and removal of Directors and succession planning for the Directors. The terms of reference of the Nomination Committee were adopted by the Board on 18 November 2020 and are available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sunacservice.com).

During the year ended 31 December 2021, the Nomination Committee held two meetings. The individual attendance of each member during the year ended 31 December 2021 is set out as follows:

Name of Member	Attendance/ Number of meetings required to be attended
Mr. WANG Mengde *(Chairperson)*	2/2
Ms. WANG Lihong	2/2
Mr. YAO Ning	2/2
Mr. ZHAO Zhonghua	2/2

The work performed by the Nomination Committee during 2021 mainly included to (i) review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board; (ii) assess the independence of independent non-executive Directors; (iii) review the policy on Board diversity (the "Board Diversity Policy") and its implementation; (iv) review the policy on nomination of Directors (the "Nomination Policy"); (v) review the re-appointment of Directors who are subject to retire by rotation at the forthcoming annual general meeting of the Company (the "AGM"); (vi) assess and recommend the appointment of Mr. Xie Jianjun as an executive Director of the Company to the Board; and (vii) assess and recommend the appointment of Mr. Lu Peng as a non-executive Director of the Company to the Board.

NOMINATION POLICY

The Company has adopted the Nomination Policy which sets out the selection criteria and procedures to nominate Board candidates. When making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, the Nomination Committee would consider a number of factors in assessing the suitability of the proposed candidate, including but not limited to:

(i) reputation for integrity;

(ii) accomplishment, experience and reputation in the property management and other related industries;

(iii) commitment in respect of sufficient time and attention to the Group's business;

(iv) diversity in all aspects, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge;

(v) the ability to assist and support management and make significant contributions to the Group;

(vi) compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules for the appointment or re-appointment of an independent non-executive Directors; and

(vii) any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

Appointment of any proposed candidates to the Board or re-appointment of any existing members of the Board shall be made in accordance with the articles of association and other applicable rules and regulations. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at a general meeting.

BOARD DIVERSITY POLICY

The Company recognises the benefits of having a diversified Board. The Company has adopted the Board Diversity Policy with the aim of achieving an appropriate level of diversity among Board members according to the circumstances of the Group from time to time. In summary, the Board Diversity Policy sets out that when considering the nomination and appointment of a Director, with the assistance of the Nomination Committee, the Board would consider a range of diversity of perspectives, including but not limited to the skills, knowledge, professional experience and qualifications, cultural and educational background, age, gender and the potential contributions that the candidate is expected to bring to the Board, in order to better serve the needs and development of the Company. All Board appointments will be based on merits and candidates will be considered against objective criteria, having due regard to the benefits of diversity to the Board. Based on the Nomination Committee's review for the year ended 31 December 2021, the Nomination Committee considered that these measurable objectives have been satisfactorily implemented and that there was sufficient diversity in the Board for the Company's corporate governance and business development needs.

The Nomination Committee will review the Nomination Policy and the Board Diversity Policy from time to time to ensure its continued effectiveness.

ANNUAL REMUNERATION PAYABLE TO THE MEMBERS OF SENIOR MANAGEMENT

The annual remuneration of the members of the senior management by band for the year ended 31 December 2021 is as follows:

Remuneration bands (RMB)	Number of individuals
1,000,001-2,000,000	1
3,000,001-4,000,000	1

AUDITOR'S REMUNERATION

The Company has appointed PricewaterhouseCoopers ("PwC") as its external auditor for the year ended 31 December 2021.

The Audit Committee is responsible for reviewing and supervising independence of the external auditor and objectiveness and effectiveness of audit procedures. The Audit Committee receives letters from the external auditor, confirms the independence and objectiveness of the external auditor, and holds meetings with the external auditor for the purpose of consideration of the audit scope offered by them, and consideration of and approval for the fees charged by them and the scope and appropriateness of non-audit services (if any). The Audit Committee also advises the Board on appointment and retention of external auditor.

During the year ended 31 December 2021, the remunerations paid or payable to PwC in respect of its statutory audit services and non-audit services are RMB2.83 million and nil, respectively.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities for preparing all information and representations contained in the consolidated financial statements of the Group for the year ended 31 December 2021 which give a true and fair view of the state of affairs of the Group and of the operating results and cash flow for the year. The Directors consider that the financial statements have been prepared in conformity with all applicable accounting standards and requirements and reflect amounts that are based on the best estimates, reasonable information and prudent judgment of the Board and the management. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Group on a going concern basis.

The statements of the auditor of the Group about its reporting responsibility on the consolidated financial statements of the Group are set out in the section headed "Independent Auditor's Report" on pages 57 to 63 of this report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company continues to carry out efficient and independent internal control and adopts an approach of combining the best practices with industry standards to optimize the governance environment, increase the monitoring level, draw on senior management's experience in the industry, highlight the business expertise and establish a standardized internal control and supervision system in order to facilitate the Company's operations and management, ensure asset quality and safeguard the interests of shareholders of the Company (the "Shareholders") in corporate governance and risk management.

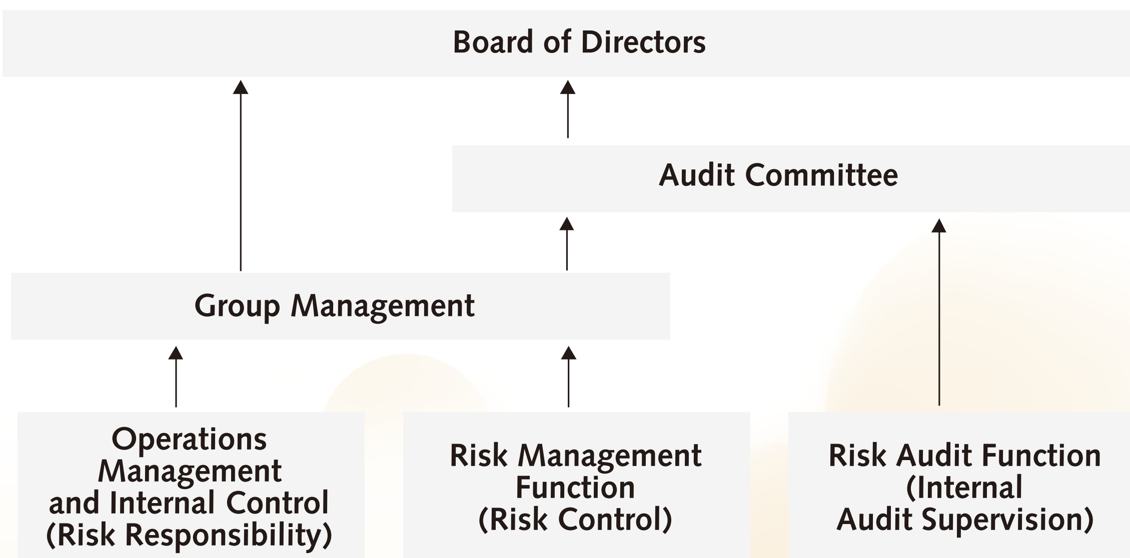
RISK MANAGEMENT AND INTERNAL CONTROL RESPONSIBILITY

The Board, as the main body responsible for risk management and internal control of the Company, has always been committed to maintaining the development and upgrading of risk management and internal control systems to meet the Company's overall strategic objectives. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the Board on the effectiveness of these systems. The Company has established internal control measures led by the Board whereby the management is responsible for assisting the Board in completing the identification and evaluation of risk factors of the business systems, implementing the Company's policies and procedures and participating in the design and operation of such measures that meet the Company's management requirements, which provides reliable assurance for the Company to carry out its business to prevent the occurrence of significant operational risks and losses. However, the risk management and internal control systems can only provide reasonable and not absolute assurance against material misstatement or loss, which is designed to manage rather than eliminate the risk of failure to achieve business objectives.

RISK MANAGEMENT STRUCTURE OF THE COMPANY

The Company has established an internal audit and control system with well-defined power and responsibility and comprehensive functions. The internal audit and supervision department is appointed by the Board and the Audit Committee to complete various audit tasks for the whole year and make suggestions for improving the effectiveness of the Company's risk management and internal control system. It makes special reports to the Board and the Audit Committee on a regular basis each semi-year.

The risk management structure of the Company is as follows:



RISK MANAGEMENT PROCEDURE

The Company adopts the Group Internal Audit System to identify, evaluate and handle major business risks, the audit and supervision department formulates risk evaluation standards for the Company, evaluates major risks that may affect the achievement of business objectives, and determines the scope and content of internal audits based on the importance level of such risks. Meanwhile, business units evaluate the existing control measures and management methods and develop solutions for potential risks existing in operations and management.

The audit and supervision department conducts audit supervision on major business aspects in operations and management based on the carrying out of the business of the Company through routine audit, special audit, report and investigation audit and other ways, and requests business units to conduct rectifications in respect of risks found in audits. Besides, it keeps track of the status of rectification and measures, ensures all risks are effectively controlled, regularly organizes business units of the Company for training and shares internal control experience and risk information to increase the Company's risk management standard.

The Group has established whistleblowing procedures and reporting channel for employees to raise concerns to the Audit and Supervision Department when they identify any possible improperties within the Group. The identity of the whistleblower will be kept in the strictest confidence.

RISK MANAGEMENT AND INTERNAL CONTROL REVIEW

The Board of the Company reviews each year the effectiveness of the Group's risk management and internal control systems for the previous financial year, and makes evaluations and suggestions on the Group's risk management and internal control systems and process through internal and external professionals and institutions.

The annual review in respect of the year ended 31 December 2021 has considered, among others (i) whether the resources for the Company's accounting, internal audit and financial reporting functions were adequate, whether the staff's qualifications and experience matched and whether the training programs and budget were adequate; (ii) the scope and quality of the management's ongoing monitoring of risks, the internal control systems and the work of its internal audit function; (iii) whether the risk management and internal control systems, including the extent and frequency of monitoring results to the Board or the Audit Committee (as the case may be) were sound and effective; and (iv) whether the Group's rules and major business processes met the requirements on operations and management and the needs for the rapid development of the Company. The Board also conducted a comprehensive evaluation on the timeliness, effectiveness and normativity of the procedures for handling and releasing inside information, connected transactions and other major matters of the Company, as well as the effectiveness of the Company's processes for financial reporting and Listing Rule compliance. The Board was basically satisfied with the results of the review for the year ended 31 December 2021.

The Board confirms that the management achieved effective implementation and orderly operation in various risk management tasks and the internal control system of the Company by summarizing and evaluating the results of various internal control tasks of the Company. The Board considers that the risk management and internal control systems of the Company are effective and adequate.

The Company will further improve the risk management and internal control measures, constantly optimize the operation and management environment, guarantee the efficient and compliant operation of the Company, so as to ensure the safety and reliability of the Company's funds and assets, strengthen the construction of the compliance and risk control systems and promote the realization of the Company's development strategy.

DISSEMINATION OF INSIDE INFORMATION

The Company has adopted an inside information policy in accordance with the Securities and Futures Ordinance and the Listing Rules, and made corresponding information disclosures in a timely manner. Before the information is fully disclosed to the public, any persons who possess the knowledge of such information must ensure strict confidentiality, so as to ensure effective protection of the rights and interests of investors and stakeholders.

INFORMATION DISCLOSURE

The Company discloses information in compliance with the Listing Rules and other applicable laws, and publishes periodic reports and announcements to the public in accordance with relevant laws and regulations. The primary focus is to ensure that information disclosure is timely, fair, accurate, truthful and complete, thereby enabling Shareholders, investors as well as the public to make informed decisions.

COMMUNICATION WITH SHAREHOLDERS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings to communicate with Shareholders. For each substantially separate issue at a general meeting, including the election of individual Directors, separate resolution will be proposed by the chairman of that meeting for Shareholders' consideration and voting. Chairman of the Board, Directors, chairperson or members of Board Committees, senior management and external auditor shall attend the annual general meetings of the Company to address Shareholders' inquiries.

With reference to the aforesaid, the annual general meeting held on 27 May 2021 was chaired by Mr. Wang Mengde (chairman of the Board and the non-executive Director of the Company) and attended by Ms. Cao Hongling (executive Director and Chief Executive Officer of the Group), Ms. Yang Man (executive Director, chief financial officer and vice president of the Group), Mr. Zhao Zhonghua (independent non-executive Director) Mr. Xie Jianjun (vice president of the Group) and representatives of the auditor.

To promote effective communication, the Company maintains a website at www.sunacservice.com, where the Company's particulars, statutory announcements, financial reports (annual reports and interim reports), other corporate publications, corporate governance practice, contact information of Investor Relations team and other information are published for the public's access.

SHAREHOLDERS' RIGHT

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

In accordance with article 58 of the articles of association of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the The Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. However, shareholders who wish to propose resolutions may follow article 58 of the articles of association of the Company for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of article 58 are set out above.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing through the contact details as follows:

Sunac Services Holdings Limited
Floor 5, Tower A4
Aocheng Commercial Plaza
Nankai District
Tianjin
PRC
Email: ir@sunacwy.com.cn

JOINT COMPANY SECRETARIES

The Company has appointed Ms. Wong Sau Ping and Mr. Zhang Xiaoming as the joint company secretaries of the Company. Ms. Wong Sau Ping is a fellow member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries). Mr. Zhang Xiaoming is the general manager of the capital management department of the Company, and is the primary contact of Ms. Wong Sau Ping at the Company.

In compliance with Rule 3.29 of the Listing Rules, each of Ms. Wong Sau Ping and Mr. Zhang Xiaoming undertook not less than 15 hours of relevant professional training to update their skills and knowledge during the year ended 31 December 2021.

CONSTITUTIONAL DOCUMENTS

There was no change in the Company's constitutional documents during the year ended 31 December 2021.

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

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

RESULTS

The results of the Group for the year ended 31 December 2021 are set out in the consolidated statement of comprehensive income of the Group on page 64 of this report.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

On 7 May 2021, Sunac Services Investment II Limited ("Sunac Services Investment"), a subsidiary of the Company and as a purchaser, entered into a formal agreement with Taixing Holdings Limited ("Taixing Holdings") as vendor and Taitao Holdings Limited, pursuant to which Sunac Services Investment agreed to acquire and Taixing Holdings agreed to sell 80% equity interest in Zhangtai Services Group Co., Ltd. ("Zhangtai Services") at a consideration of RMB730 million. The Company has completed the acquisition of equity interest in Zhangtai Services, and Zhangtai Services became an indirect subsidiary of the Company. The acquisition will further expand the business scale and management density of the Group in Guangxi Zhuang Autonomous Region and enhance the competitiveness and influence of the Group in Guangxi Zhuang Autonomous Region. For details of the acquisition, please refer to the announcements of the Company dated 16 April 2021 and 7 May 2021, respectively.

On 7 October 2021, Sunac Services Investment III Limited (the "Offeror") entered into several share transfer agreements (the "Share Transfer Agreements"). Pursuant to the Share Transfer Agreements, the Offeror conditionally agreed to purchase a total of 322,163,000 shares of First Service Holding Limited ("First Service Holding"), representing approximately 32.22% of the entire issued share capital of First Service Holding at a total consideration of RMB692,650,450 (equivalent to approximately HK$843,009,651), and the consideration per share is RMB2.15 (equivalent to approximately HK$2.6167 per share). Upon completion, the Offeror and parties acting in concert with it (other than Mr. Zhang Lei, Mr. Zhang Peng, Glorious Group Holdings Limited and Hao Fung) will hold a total of 322,163,000 shares, representing approximately 32.22% of the entire issued share capital of First Service Holding. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror will be required to make an unconditional mandatory cash offer for all the issued shares (other than those shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it (except Mr. Zhang Lei, Mr. Zhang Peng, Glorious Group Holdings Limited and Hao Fung) at the time when the offer is made). As no formal agreement was entered into on or before 31 December 2021, the Share Transfer Agreements have been terminated accordingly. For further information, please refer to the joint announcements issued by the Company and First Service Holding dated 1 November 2021, 22 November 2021, 30 November 2021 and 3 January 2022.

On 7 November 2021, the Company as purchaser and Sunac China as vendor entered into an acquisition agreement, pursuant to which, the Company integrated the asset-light commercial management and operation segment of Sunac China into the Company through acquisition of 100% interest in Rongle Times (Hainan) Commercial Management Co., Ltd* (the "Target Company") at a consideration of RMB1.8 billion. Upon completion of the acquisition, the Target Company became an indirect wholly-owned subsidiary of the Company. The net profits attributable to the parent of the Target Company and its subsidiaries in 2022 shall not be less than RMB0.14 billion (the "Committed Profit"). If the net profits attributable to the parent of the Target Company and its subsidiaries in 2022 is less than the Committed Profit, the Company shall be entitled to request Sunac China to make cash compensation, and the cash compensation amount shall be 12.86 times of the difference between the Committed Profit and the actual net profits attributable to the parent company. For further information, please refer to the announcement of the Company dated 8 November 2021.

Save as disclosed in this annual report, there were no other significant investments held, material acquisitions or disposals of subsidiaries, associates or joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As stated in the announcement of the Company dated 13 December 2020, the Group intends to utilise the net proceeds raised from the listing of the shares of the Company (the "Listing"), among other things, pursue selective strategic investment and acquisition opportunities with companies engaged in property management and/or community operations with a view to expanding the Group's business scale and solidifying its leading industry position.

Save as disclosed in the announcement of the Company dated 13 December 2020 and the announcement of the Company dated 8 November 2021, there were no other plans authorised by the Board for material investments or additions of capital assets as at 31 December 2021.

USE OF NET PROCEEDS FROM THE LISTING

The shares of the Company (the "Shares") were listed on the Main Board of the Stock Exchange on 19 November 2020 (the "Listing Date") by way of global offering, 690,000,000 shares were issued, and the total of 793,500,000 shares were issued after the over-allotment options were fully exercised, raising the total net proceeds (after deducting underwriting commissions and other related listing expenses) of approximately HKD9,042 million. The Company resolved to change the proposed use of the net proceeds from the Listing in view of the numerous high-quality merger and acquisition opportunities in the current property management industry. The Board is of the view that allocating more net proceeds to acquisition opportunities with companies engaged in property management and related services and community operations will enable the Company to better seize the high-quality opportunities in mergers and acquisitions. The Company will continuously focus on the strategic needs of long-term development and prudently select high-quality targets that can strategically support the Group's business capability, so as to further enhance the Group's comprehensive service capabilities and consolidate its position in the industry. Further details of the breakdown and description of the proceeds are set out in the announcement of the Company dated 8 November 2021.

Up to 31 December 2021, the net proceeds from the Listing were utilised according to the intentions previously disclosed by the Company as follows:

Use of Net Proceeds	Intended use of proceeds as revised in the announcement dated 8 November 2021 (HK$ million)	(Percentage)	Actual amount utilised from the date of Listing to 31 December 2021 (HK$ million)	Unutilised amount as at 31 December 2021 (HK$ million)	Expected Timeline for unutilised amount
(a) Strategic investment and acquisition opportunities with companies engaged in property management and/or community operations	8,138	90%	3,354	4,784	On or before 31 December 2023
(b) Upgrading the Group's systems for smart management services and for the development of the smart communities	452	5%	127	325	On or before 31 December 2023
(c) Further developing the community value – added services of the Group	271	3%	231	40	On or before 31 December 2022
(d) Working capital and general corporate purposes	181	2%	0	181	On or before 31 December 2023
Total	**9,042**	**100%**	**3,712**	**5,330**	

As at the date of this annual report, the Directors were not aware of any material change to the planned use of proceeds.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the year ended 31 December 2021 are set out in note 15 to the consolidated financial statements of the Group.

BORROWINGS

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

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Company during the year ended 31 December 2021 are set out in note 25 to the consolidated financial statements of the Group.

RESERVES

Details of movements in the reserves of the Company during the year ended 31 December 2021 are set out in note 35 to the consolidated financial statements of the Group.

As at 31 December 2021 distributable reserves of the Company amounted to RMB8,309.7 million.

FINANCIAL SUMMARY

A financial summary of the Group for the past five financial years is set out on page 4 of this annual report.

DIVIDEND POLICY AND FINAL DIVIDEND

DIVIDEND POLICY

The main objective of the Company's dividend policy (the "Dividend Policy") is to provide stable and consistent dividends for shareholders when supported by the Group's earnings while ensuring that sufficient financial resources can be maintained to fund the Group's business growth. According to relevant laws, regulations and the articles of association of the Company, the Company in general meeting may declare dividends in any currency to be paid to the Shareholders but no dividend shall be declared in excess of the amount recommended by the Board. In deciding whether to propose a dividend payment to Shareholders, the Board shall take into account the following factors:

(i) industry environment and internal and external factors that may affect the business and finance of the Company;

(ii) financial position, operating results and future development prospectus and plan of the Company;

(iii) statutory, regulatory and contractual restrictions;

(iv) interests of the shareholders; and

(v) other factors the Board deem applicable and relevant.

The Board will continually review, revise and update the Dividend Policy from time to time. The Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and shall in no way obligate the Company to declare a dividend at any time or from time to time.

FINAL DIVIDEND

The Board recommended a final dividend of RMB12.4 cents per ordinary share totaling 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.

As at the date of this annual report, there was no arrangement under which a Shareholder had waived or agreed to waive any dividends.

CLOSURE OF REGISTER OF MEMBERS

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 share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 14 June 2022.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2021, revenue attributable to the largest customer of the Group, being Sunac Group, amounted to approximately 42.0% of the total revenue in the year and the five largest customers of the Group accounted for 42.6% of the Group's total revenue in the year.

For the year ended 31 December 2021, purchases attributable to the largest supplier of the Group amounted to approximately 3.0% of the total purchases in the year and the five largest suppliers of the Group accounted for 11.8% of the Group's total purchases in the year.

So far as the Board is aware, neither the Directors, their respective close associates nor any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in these major customers and suppliers other than Sunac Group.

EQUITY LINKED AGREEMENTS

During the year ended 31 December 2021, no equity-linked agreements were entered into by the Company or subsisted at the end of the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2021, the Company repurchased on the open market an aggregate of 23,764,000 Shares at a total consideration of approximately HK$322,298,626.90. The Board recognised that the repurchase of Shares could increase the net asset value and/or earnings per share. The repurchased Shares had been cancelled by the Company as at the date of this report.

Particulars of the Shares repurchased during the year ended 31 December 2021 are as follows:

Month in which the Shares were repurchased in 2021	Aggregate number of Shares repurchased	Highest price paid per Share (HK$)	Lowest price paid per Share (HK$)	Total consideration paid (HK$)	Date of cancellation
July	2,817,000	18.48	17.82	51,268,554.90	6 August 2021
September	11,000,000	17.82	12.88	170,471,100.00	21 December 2021
November	1,447,000	13.94	13.00	19,808,072.00	21 December 2021
December	3,500,000	11.60	10.22	37,512,400.00	21 December 2021
	5,000,000	8.80	8.46	43,238,500.00	20 January 2022

Save as above mentioned, 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. Details of movements during the year ended 31 December 2021 in the share capital of the Company are set out in note 25 to the consolidated financial statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the year ended 31 December 2021 and up to the date of this annual report are set out below:

CHAIRMAN OF THE BOARD AND NON-EXECUTIVE DIRECTOR

Mr. Wang Mengde

EXECUTIVE DIRECTORS

Ms. Cao Hongling
Ms. Yang Man
Mr. Xie Jianjun *(appointed on 11 June 2021)*
Mr. Chen Bin *(resigned on 11 June 2021)*

NON-EXECUTIVE DIRECTORS

Mr. Lu Peng *(appointed on 7 November 2021)*
Mr. Gao Xi

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Wang Lihong
Mr. Yao Ning
Mr. Zhao Zhonghua

The biographical details of the Directors and senior management are set out under the section "Biographies of Directors and Senior Management" of this annual report.

All the Directors, including the non-executive Directors and independent non-executive Directors, are subject to retirement by rotation at the annual general meetings of the Company pursuant to the articles of association of the Company.

PARTICULARS OF DIRECTORS' SERVICE AGREEMENTS

EXECUTIVE DIRECTORS

Each of the executive Directors has entered into a service agreement with the Company for a term of three years. Either party has the right to give not less than three months' written notice to terminate the contract.

NON-EXECUTIVE DIRECTORS AND INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the non-executive Directors and independent non-executive Directors has entered into an appointment letter with the Company for a term of three years.

None of the Directors has entered into specific service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each independent non-executive Director an annual written confirmation of his/her independence in accordance with Rule 3.13 of the Listing Rules. The Company considers each of the independent non-executive Directors to be independent.

RETIREMENT BENEFITS PLAN

Details of retirement benefits plan of the Group for the year ended 31 December 2021 are set out in note 2.21 to the consolidated financial statements of the Group. As at 31 December 2021, no forfeited contributions were available to reduce the contribution payable by the Group in the future years.

DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2021 are set out in notes 8 and 36 to the consolidated financial statements of the Group.

None of the Directors waived his/her emoluments or has agreed to waive his/her emoluments for the year ended 31 December 2021.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

During the year ended 31 December 2021, there was no transaction, arrangement or contract of significance, to which the Company, its holding company or subsidiary was a party, and in which the Directors or their respective connected entities were materially interested, either directly or indirectly.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2021, none of the Directors was interested in any business apart from the Group's businesses, which competes or likely to compete, either directly or indirectly, with the businesses of the Group.

MANAGEMENT CONTRACTS

During the year ended 31 December 2021, no management or administration contract concerning the management of the whole or substantial part of any business of the Company was entered into, or subsisted at the end of the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

During the year ended 31 December 2021, none of the Company, its holding company, or any of its subsidiaries was a party to any arrangement enabling the Directors to acquire benefits by means of the acquisition of equity or debt securities, including the debentures of the Company or any other body corporate.

COMPLIANCE WITH NON-COMPETITION UNDERTAKINGS BY CONTROLLING SHAREHOLDERS

On 4 November 2020, Sunac China and Mr. Sun Hongbin ("Mr. Sun"), each being a controlling shareholder of the Company, entered into a deed of non-competition (the "Deed of Non-competition") in favour of the Company, details of which are set out in the section headed "Relationship with Controlling Shareholders – Deed of Non-Competition" in the Prospectus.

Each of Sunac China and Mr. Sun has confirmed to the Company that, during the year ended 31 December 2021, it/he has complied with the Deed of Non-competition as disclosed in the Prospectus.

The independent non-executive Directors have reviewed the compliance with the Deed of Non-competition by each of Sunac China and Mr. Sun, and confirmed that Sunac China and Mr. Sun have complied with and implemented the Deed of Non-competition.

CONTINUING CONNECTED TRANSACTIONS

1 PROPERTY MANAGEMENT SERVICES

On 4 November 2020, the Company entered into a property management services framework agreement (the "Property Management Services Framework Agreement") with Sunac China, pursuant to which the Group agreed to provide to Sunac Group and its associates property management services for the properties and unsold parking lots owned or used by Sunac Group and its associates (the "Property Management Services"). The Property Management Services Framework Agreement has a term commencing from the Listing Date until 31 December 2022, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

The service fee payable by Sunac Group and its associates in relation to the Property Management Services for each of the three years ending 31 December 2022 is not expected to exceed RMB407.5 million, RMB626.8 million and RMB897.5 million, respectively. For the year ended 31 December 2021, the service fee paid by Sunac Group under the Property Management Services Framework Agreement amounted to approximately RMB625.7 million.

2 SALES ASSISTANCE SERVICES

On 4 November 2020, the Company entered into a sales assistance services framework agreement (the "Sales Assistance Services Framework Agreement") with Sunac China, pursuant to which the Group agreed to provide sales assistance services to Sunac Group and its associates to assist with their sales and marketing activities at property sales venues and display units (the "Sales Assistance Services"). The Sales Assistance Services Framework Agreement has a term commencing from the Listing Date until 31 December 2022, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

The service fee payable by the Sunac Group and its associates in relation to the Sales Assistance Services for each of the three years ending 31 December 2022 is not expected to exceed RMB1,141.4 million, RMB1,255.5 million and RMB1,381.1 million, respectively. For the year ended 31 December 2021, the service fee paid by Sunac Group under the Sales Assistance Services Framework Agreement amounted to approximately RMB1,083.7 million.

3 CONSULTANCY AND OTHER VALUE-ADDED SERVICES

On 4 November 2020, the Company entered into a framework agreement (the "Consultancy and Other Value-added Services Framework Agreement") with Sunac China, pursuant to which the Group agreed to provide certain value-added services to Sunac Group and its associates, including but not limited to (i) consultancy services from the perspective of property management with respect to preliminary planning and design, engineering and construction (the "Consultancy Services"), (ii) pre-delivery services, such as site clearing and assistance with preparatory work (the "Pre-delivery Services"), and (iii) engineering services for the hardware upgrade of smart management of property projects (the "Consultancy and Other Value-added Services"). The Consultancy and Other Value-added Services Framework Agreement has a term commencing from the Listing Date until 31 December 2022, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

The service fee payable by Sunac Group and its associates in relation to the Consultancy and Other Value-added Services for each of the three years ending 31 December 2022 is not expected to exceed RMB657.0 million, RMB729.2 million and RMB863.0 million, respectively. For the year ended 31 December 2021, the service fee paid by Sunac Group under the Consultancy and Other Value-added Services Framework Agreement amounted to approximately RMB719.1 million.

4 PROPERTY AGENCY SERVICES

On 4 November 2020, the Company entered into a property agency services framework agreement (the "Property Agency Services Framework Agreement") with Sunac China, pursuant to which the Group agreed to provide property agency services, including but not limited to marketing and sales services, with respect to (i) tourism and vacation projects and (ii) use rights of car park spaces, developed by Sunac Group and its associates (the "Property Agency Services"). The Property Agency Services Framework Agreement has a term commencing from the Listing Date until 31 December 2022, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all applicable laws and regulations.

The service fee payable by Sunac Group and its associates in relation to the Property Agency Services for each of the three years ending 31 December 2022 is not expected to exceed RMB300.8 million, RMB416.8 million and RMB475.4 million, respectively. For the year ended 31 December 2021, the service fee paid by Sunac Group under the Property Agency Services Framework Agreement amounted to approximately RMB405.8 million.

5 PROPERTY LEASING SERVICES

On 11 June 2021, the Company entered into a property leasing framework agreement with Sunac China (the "Property Leasing Framework Agreement"), pursuant to which members of the Group as lessees may enter into property leasing agreements with members of the Sunac Group as lessors from time to time during the period from 11 June 2021 to 31 December 2023 based on their business development needs.

The annual caps for the rental expenses of the Group for each of the three years ending 31 December 2023 are RMB18 million, RMB22 million and RMB25 million, respectively. For the year ended 31 December 2021, the service fee paid by the Group under the Property Leasing Framework Agreement amounted to approximately RMB15.3 million.

6 HOUSING REPAIR SERVICES

On 11 June 2021, the Company and Sunac China entered into a housing repair services framework agreement (the "Housing Repair Services Framework Agreement"), pursuant to which members of the Group agreed to provide property pre-delivery quality control and repair and maintenance services within the warranty period after delivery to members of the Sunac Group during the period from 11 June 2021 to 31 December 2023.

The annual caps for the service fee payable by Sunac Group to the Group for each of the three years ending 31 December 2023 are RMB230 million, RMB230 million and RMB230 million, respectively. For the year ended 31 December 2021, the service fee paid by Sunac Group under the Housing Repair Services Framework Agreement amounted to approximately RMB228.2 million.

7 COMMERCIAL MANAGEMENT SERVICE

On 7 November 2021, the Company entered into a commercial management service framework agreement (the "Commercial Management Service Framework Agreement") with Sunac China, pursuant to which, members of the Group agreed to provide commercial management services to members of the Sunac Group for a term of 20 years from 7 November 2021 to 6 November 2041.

The annual caps for the service fee payable by Sunac Group to the Group for each of the two years ending 31 December 2022 are RMB45 million and RMB230 million, respectively. The Company and Sunac China will separately negotiate and agree on the annual cap of the fees for the commercial operation and management services payable by the Sunac Group to the Group after 2022, and unless otherwise agreed, the cap of fees for any subsequent year shall be calculated based on the previous year. For the year ended 31 December 2021, the service fee paid by Sunac Group under the Commercial Management Service Framework Agreement amounted to approximately RMB33.6 million.

Sunac China is a controlling shareholder of the Company and is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions under each of the (i) Property Management Services Framework Agreement; (ii) Sales Assistance Services Framework Agreement; (iii) Consultancy and Other Value-added Services Framework Agreement; (iv) Property Agency Services Framework Agreement; (v) Property Leasing Framework Agreement; (vi) Housing Repair Services Framework Agreement; and (vii) Commercial Management Service Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

CONFIRMATION FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to Rule 14A.55 of the Listing Rules, all the independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that they have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the respective agreement governing the above continuing connected transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

CONFIRMATION FROM THE AUDITOR

In accordance with Rule 14A.56 of the Listing Rules, the Group has engaged its auditor to report on the Group's continuing connected transactions. The auditor of the Group have issued a letter to the Board confirming that nothing has come to their attention that causes them to believe that the above continuing connected transactions (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group; (iii) were not entered into, in all material respects, in accordance with the agreement in relation to the transactions; and (iv) have exceeded their respective annual cap.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2021 are disclosed in note 34 to the consolidated financial statements of the Group.

Save as disclosed above, during the year under review, none of the related party transactions constitutes a connected transaction or continuing connected transaction subject to independent Shareholders' approval, annual review and all disclosure requirements in Chapter 14A of the Listing Rules.

SHARE AWARD SCHEME

References are made to the prospectus of the Company dated 9 November 2020 and the announcement of the Company dated 11 June 2021. Sunac Shine (PTC) Limited ("Sunac Shine") has adopted a share award scheme (the "Share Award Scheme") on 11 June 2021 and has been appointed as the trustee of the Sunac Services Share Award Scheme Trust for the purpose of the Share Award Scheme.

The principal terms and conditions of the Share Award Scheme are summarized as follows:

(A) PURPOSE OF THE SHARE AWARD SCHEME

The purposes of the Share Award Scheme are to (i) recognize the contributions to the Group by certain Eligible Persons (as defined below) and to give incentives in order to motivate certain Eligible Persons for the continuing development of the Group; and (ii) to align the interest of certain Eligible Persons with those of the Shareholders by providing them with the opportunity to own equity interests of the Company.

(B) DURATION OF THE SHARE AWARD SCHEME

Subject to any termination of the Share Award Scheme as determined by Sunac Shine, the Share Award Scheme shall be valid and effective for ten years commencing on the date of the first grant of any award (each an "Award") of the shares of the Company (the "Shares") to a selected participant under the Share Award Scheme.

(C) PARTICIPANTS OF THE SHARE AWARD SCHEME AND BASIS FOR DETERMINING THE ELIGIBILITY OF THE SELECTED PARTICIPANTS

Persons eligible to be awarded Shares under the Share Award Scheme include, without limitation, the key management of the Group such as directors, senior management and employees of the Group and other persons who made special contribution to the Group (each such person, an "Eligible Person").

The advisory committee (the "Advisory Committee") as appointed by Sunac Shine from time to time with the power and authority to administer and distribute Shares under the Share Award Scheme may, from time to time and at its sole discretion, select the Eligible Person(s) to be granted the Award(s) (the "Selected Participant(s)") and determine the number of Shares to be awarded (the "Awarded Shares"), the vesting conditions (if any) and the vesting schedule of the Awarded Shares. The Selected Participant may accept the offer of the grant of the Awarded Shares in such manner as set out in the offer letter to be issued by the Advisory Committee to such Selected Participant in respect of the Award.

(D) MAXIMUM NUMBER OF SHARES THAT CAN BE AWARDED

The maximum number of Shares that may be granted as Awards under the Share Award Scheme to the Eligible Persons shall be the number of Shares held or to be held by Sunac Shine on trust for the purpose of the Share Award Scheme from time to time. As at 31 December 2021, Sunac Shine held 448,925,000 Shares on trust for the Share Award Scheme, representing approximately 14.55% of the issued Shares.

(E) GRANT AND ACCEPTANCE OF AWARDS

An offer letter setting out, among others, the number, vesting conditions (if any) and vesting schedule of the Awarded Shares to be granted will be issued by the Advisory Committee to each Selected Participant. The Selected Participant may accept the offer of the grant of the Awarded Shares in such manner as set out in the offer letter. Upon acceptance, the Selected Participant becomes a participant in the Scheme (a "Participant"). Pursuant to the Scheme, a Participant shall be entitled to receive the Awarded Shares held by Sunac Shine upon satisfaction of the vesting conditions set out in the Offer Letter. After satisfaction of the vesting conditions, Sunac Shine shall transfer the relevant Awarded Shares to the relevant Participant.

(F) RIGHTS AND RESTRICTIONS

(1) Voting Rights

A Participant may not exercise the voting rights in respect of any Awarded Shares held on trust by Sunac Shine for the Participant before the vesting and transfer of such Awarded Shares to the Participant.

Sunac Shine shall consider any instructions or recommendations from Sunac China Holdings Limited ("Sunac China", together with its subsidiaries, the "Sunac Group") with respect to the exercise of the voting rights of the Shares which are held by it as trustee, including Shares which are not yet awarded to any Participants and Shares which are awarded but not yet vested and transferred onto the relevant Participants in accordance with the terms of the Scheme.

(2) Entitlement of the Related Distribution

A Participant shall not be entitled to any dividends and other distributions declared and made in respect of any Shares held under the Trust (the "Related Distribution") derived from the relevant Awarded Shares unless and until such Awarded Shares are vested and transferred onto the Participant in accordance with the terms of the Scheme.

Any Related Distribution declared and made in respect of any Shares held by Sunac Shine on trust (including Shares which are not yet awarded to any Participants and Shares which are awarded but not yet vested and transferred onto the relevant Participants in accordance with the terms of the Scheme) shall be treated and dealt with in such manner as the Advisory Committee may in its sole and absolute discretion determine.

(3) Rights Attached to the Awarded Shares

Any Awarded Shares transferred to a Participant under the Scheme will be subject to the provisions of the articles of association of the Company and will rank pari passu with the fully paid Shares in issue on the date of the transfer or, if that date falls on a day on which the register of members of the Company is closed, the first day of the reopening of the register of members. Accordingly, the relevant Participant will be entitled to participate in all dividends or other distributions declared or made on or after the date of the transfer or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members.

(4) No Assignment

The Awarded Shares granted pursuant to the Scheme are personal in nature. The Participants shall not sell, transfer, assign, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the Awarded Shares, or any interest or benefits therein, before Sunac Shine transfer the relevant Awarded Shares to the Participants.

(5) Unvested Awarded Shares

An Award will lapse and will be canceled by the Advisory Committee if the Participant fails to satisfy the relevant vesting conditions. Any Award of which the Awarded Shares are not yet vested will also automatically lapse and be canceled by the Advisory Committee immediately where:

(i) in the absolute opinion of the Advisory Committee, the Participant is not qualified for his/her position, does not perform his/her work as required by the Sunac Group, or commits any illegal act, or otherwise has done anything which, in the conclusive opinion of the Advisory Committee, adversely affects his/her ability to perform his/her duties properly;

(ii) the Participant has resigned or is no longer an employee of the Sunac Group due to the expiry of his/her employment contract;

(iii) the Participant has been convicted for any criminal offence involving his/her integrity or honesty;

(iv) the Participant commits serious misconduct and is punishable or subject to dismissal with immediate effect by the relevant member(s) of the Sunac Group in accordance with the relevant employees' manual or the relevant laws and regulations; or

(v) the Advisory Committee exercises its reserved right to cancel any Award due to other reasons or other relevant provisions of the Scheme.

If any Awarded Shares are unvested prior to the Participant's death, incapacitation or retirement and none of the aforementioned events has occurred in relation to such Participant which would cause the Award to lapse or to be canceled, unless the Advisory Committee shall at its sole discretion determine otherwise, such unvested Awarded Shares will be deemed to be vested on the day immediately prior to his/her death, incapacitation, or retirement.

(6) Restrictions

No Award shall be made to any Selected Participants where any Director or any member of the Advisory Committee is in possession of inside information (as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) in relation to the Company or the Directors are prohibited from dealing in Shares pursuant to the applicable requirements under the Listing Rules or applicable laws.

During the year ended 31 December 2021, 13,075,000 shares had been awarded under the Share Award Scheme on a cumulative basis to the selected eligible participants of which 2,880,000 shares had been awarded to the directors of the Company, and 10,195,000 shares had been awarded to other eligible participants, of which 3,268,750 shares had been vested during the year under review. Particulars of the outstanding share awards under the Share Award Scheme and their movements during the year ended 31 December 2021 were as follows:

Selected participants	Awarded on 24 September 2021	Number of unvested shares as at 1 January 2021	Awarded during the year	Vesting during the year	Lapsed during the year	Number of unvested shares as at 31 December 2021
Directors of the Company						
Cao Hongling	1,100,000	–	1,100,000	275,000	–	825,000
Wang Mengde	900,000	–	900,000	225,000	–	675,000
Yang Man	450,000	–	450,000	112,500	–	337,500
Gao Xi	250,000	–	250,000	62,500	–	187,500
Lu Peng	100,000	–	100,000	25,000	–	75,000
Xie Jianjun	80,000	–	80,000	20,000	–	60,000
Sub-total	2,880,000	–	2,880,000	720,000	–	2,160,000
Other eligible participants	10,195,000	–	10,195,000	2,548,750	72,750	7,573,500
Total	**13,075,000**	**–**	**13,075,000**	**3,268,750**	**72,750**	**9,733,500**

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 31 December 2021, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in Appendix 10 to the Listing Rules, are set out below:

(I) INTERESTS IN SHARES OF THE COMPANY (LONG POSITION)

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of interest in the Company(Note)
Mr. Wang Mengde	Beneficial owner	1,482,734	0.05%
Ms. Cao Hongling	Beneficial owner	1,130,563	0.04%
Mr. Lu Peng	Beneficial owner	20,814	0.001%
Mr. Gao Xi	Beneficial owner	730,500	0.02%
Ms. Yang Man	Beneficial owner	211,187	0.01%
Mr. Xie Jianjun	Beneficial owner	20,000	0.001%
Ms. Wang Lihong	Beneficial owner	965	0.00003%

Note: Calculated on the basis of 3,084,736,000 Sunac Services shares in issue as at 31 December 2021.

(II) INTERESTS IN UNDERLYING SHARES OF THE COMPANY (LONG POSITION)

Name of Director	Nature of interest	Number of unvested shares awarded under the share award scheme	Approximate percentage of interest in the Company(Note)
Mr. Wang Mengde	Beneficial owner	675,000	0.02%
Ms. Cao Hongling	Beneficial owner	825,000	0.03%
Mr. Lu Peng	Beneficial owner	75,000	0.002%
Mr. Gao Xi	Beneficial owner	187,500	0.01%
Ms. Yang Man	Beneficial owner	337,500	0.01%
Mr. Xie Jianjun	Beneficial owner	60,000	0.002%

Note: Calculated on the basis of 3,084,736,000 Sunac Services shares in issue as at 31 December 2021.

(III) INTERESTS IN SHARES OF THE COMPANY'S ASSOCIATED CORPORATIONS (LONG POSITION)

Name of Director	Name of associated corporation	Nature of interest	Number of shares held	Approximate percentage of interest(Note)
Mr. Wang Mengde	Sunac China	Beneficial owner	17,177,000	0.34%
Ms. Cao Hongling	Sunac China	Beneficial owner	2,693,500	0.05%
Mr. Lu Peng	Sunac China	Beneficial owner	241,199	0.005%
Mr. Gao Xi	Sunac China	Beneficial owner	228,000	0.005%
Ms. Yang Man	Sunac China	Beneficial owner	13,008	0.0003%
Ms. Wang Lihong	Sunac China	Beneficial owner	30,000	0.0006%

Note: Calculated on the basis of 4,996,883,911 Sunac China shares in issue as at 31 December 2021.

(IV) INTERESTS IN UNDERLYING SHARES OF THE COMPANY'S ASSOCIATED CORPORATIONS (LONG POSITION)

Name of Director	Name of associated corporation	Nature of interest	Number of outstanding share options granted under the share option schemes	Number of unvested shares awarded under the share award scheme	Total as an approximate percentage of interest (Note)
Mr. Wang Mengde	Sunac China	Beneficial owner	2,800,000	1,860,000	0.09%
Ms. Cao Hongling	Sunac China	Beneficial owner	1,830,082	625,000	0.05%
Mr. Lu Peng	Sunac China	Beneficial owner	560,000	790,000	0.03%
Mr. Gao Xi	Sunac China	Beneficial owner	1,200,000	712,000	0.04%
Ms. Yang Man	Sunac China	Beneficial owner	0	38,500	0.001%

Note: Calculated on the basis of 4,996,883,911 Sunac China shares in issue as at 31 December 2021.

Save as disclosed above, as at 31 December 2021, none of the Directors and chief executives of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS (LONG POSITION)

To the knowledge of the Company, as at 31 December 2021, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of interest/Capacity	Number of Shares held(1)	Approximate percentage of interest in the Company(2)
Mr. Sun(4)(5)(6)(7)	Founder of a discretionary trust	2,054,646,489(L)	66.61%
	Interest of controlled corporation	1,567,117(L)	0.05%
	Beneficial owner	1,466,472(L)	0.05%
South Dakota Trust Company LLC(6)	Trustee	2,054,646,489(L)	66.61%
Sunac Holdings LLC(5)	Interest of controlled corporation	2,054,646,489(L)	66.61%
Sunac International Investment	Interest of controlled corporation	1,988,925,000(L)	64.48%
Holdings Ltd(4)	Beneficial owner	65,721,489(L)	2.13%
Sunac China(3)	Interest of controlled corporation	1,988,925,000(L)	64.48%
Sunac Services Investment Limited(3)	Beneficial owner	1,540,000,000(L)	49.92%
Sunac Shine(3)	Trustee	448,925,000(L)	14.55%

Notes:

(1) The letter "L" denotes a long position in the Shares.

(2) Calculated on the basis of 3,084,736,000 Sunac Services shares in issue as at 31 December 2021.

(3) Sunac Services Investment Limited is wholly owned by Sunac China. Sunac Shine is wholly-owned by Sunac China and acts as the trustee of the Sunac Services Share Award Scheme Trust. By virtue of the SFO, Sunac China is deemed to be interested in the Shares held by Sunac Services Investment and Sunac Shine.

(4) As at 31 December 2021, Sunac China was owned as to (i) approximately 40.88% by Sunac International Investment Holdings Ltd, (ii) approximately 0.97% by Tianjin Biaodi Investment Consultancy Co., Ltd., which was indirectly wholly owned by Mr. Sun, and (iii) approximately 0.40% by Mr. Sun. By virtue of the SFO, Sunac International Investment Holdings Ltd and Mr. Sun are deemed to be interested in the same number of Shares in which Sunac China is interested.

(5) Sunac International Investment Holdings Ltd is owned as to 70% by Sunac Holdings LLC. By virtue of the SFO, Sunac Holdings LLC is deemed to be interested in the same number of Shares in which Sunac International Investment Holdings Ltd is interested.

(6) Sunac Holdings LLC is wholly owned by South Dakota Trust Company LLC, a discretionary trust set up by Mr. Sun as the founder. By virtue of the SFO, South Dakota Trust Company LLC and Mr. Sun are deemed to be interested in the same number of Shares in which Sunac Holdings LLC is interested.

(7) Tianjin Biaodi Investment Consultancy Co., Ltd. is indirectly wholly owned by Mr. Sun. By virtue of the SFO, Mr. Sun is deemed to be interested in the same number of Shares in which Tianjin Biaodi Investment Consultancy Co., Ltd. is interested.

Save as disclosed above, the Directors are not aware of any person (other than the Director, or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares which were recorded in the register required to be kept by the Company under section 336 of the SFO.

PRE-EMPTIVE RIGHTS AND TAX RELIEF OR EXEMPTION

There are no provisions for pre-emptive rights under the articles of association of the Company or the laws of Cayman Islands (being the jurisdiction in which the Company was incorporated) which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders. The Board is not aware of any tax relief or exemption available to any existing Shareholder by reason of his/her holding of the securities of the Company.

CORPORATE GOVERNANCE OF THE COMPANY

The Board is of the view that the Company has adopted, applied and complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the year ended 31 December 2021. The principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report of this annual report.

BUSINESS REVIEW

A review of the business of the Group for the year ended 31 December 2021, discussion on the future development in the Group's business, description of possible business risks and uncertainties that the Group may be facing are provided in the Chairman's Statement on pages 5 to 7 of this annual report. An analysis of the key financial performance indicators, the interest rate risk and foreign exchange risk of the Group are elaborated in the Management Discussion and Analysis on pages 8 to 16 of this annual report, and the financial risk management objectives and policies of the Group are set out in note 3 to the consolidated financial statements. In addition, a discussion on the Group's environmental policies and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the section headed "Environment Protection" and "Compliance with Laws and Regulations" below and the Group's relationship with employees, customers and suppliers is stated in the section headed "Relationship with Stakeholders" below.

ENVIRONMENTAL PROTECTION

The Group is committed to the long-term sustainability of the environment and communities in which it operates. The Group complies with applicable environmental protection laws and regulations for its business operations, and has implemented relevant environmental protection measures in compliance with applicable laws and regulations of PRC. Further details on the environmental policies and performance of the Group, please refer to the Environmental, Social and Governance Report to be published in due course.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. The Audit Committee is delegated by the Board to monitor the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time, including but not limited to, contract laws and labour laws.

As far as the Company is aware, the Group has complied with relevant rules and regulations promulgated by the relevant regulatory bodies to which the Group operates its business in and holds relevant required licences for the conducting of its business. The Group's management will endeavour to ensure that the conduct of business is in conformity with the applicable laws and regulations.

RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that employees, customers and business partners are keys to its sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing quality services to its customers and enhancing cooperation with its business partners.

The Group regularly hosts comprehensive internal staff training programmes for its employees to improve and enhance their technical and service skills, as well as to provide them with the knowledge of industry quality standards and work place safety standards. Orientation trainings are provided to new hires, introducing them to the Group's corporate culture, coaching them on the Group's teamwork model, and teaching them service standards and procedures. The Group also assigns experienced managers to serve as mentors to newly-hired employees, who provide tailored coaching and guidance. Training courses and regular seminars on various aspects of its business operations, such as quality control and customer relationship management, are provided to the Group's employees. In addition, the Group has established occupational safety and sanitation systems, implemented the ISO45001:2018 Occupational Health and Safety Management System, and provided employees with workplace safety trainings on a regular basis to increase their awareness of work safety issues.

The Group understands that it is important to maintain good relationship with customers and provide the products in a way that satisfy needs and requirements of the customers. The Group enhances the relationship by continuous interaction with customers to gain insight on the changing market demand for the products so that the Group can respond proactively. The Group has also established a comprehensive quality management system and have obtained certification of ISO9001:2015 Quality Management System to effectively safeguard the Group's high-quality service capabilities. Procedures are in place for handling customers' complaints to ensure customers' complaints are dealt with in a prompt and timely manner.

The Group is also dedicated to developing good relationship with suppliers and sub-contractors as long-term business partners to ensure stability of the Group's business. The Group reinforces business partnerships with suppliers and sub-contractors by ongoing communication in a proactive and effective manner so as to ensure the overall quality and timely delivery of services provided to the Group's customers.

Further details of the relationship between the Group and stakeholders will be set out in the Environmental, Social and Governance Report to be published in due course.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2021, the Group had 38,146 employees (2020: 27,909 employees). For the year ended 31 December 2021, the staff cost of the Group was approximately RMB3.22 billion.

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 Directors 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, in addition to providing the Group's management team with competitive remuneration and significant development prospects. The Share Award Scheme was adopted by the Company on 11 June 2021. Further details are described in the section headed "Share Award Scheme" contained in the Report of The Directors on pages 45 to 49 of this annual report.

The emoluments of the Directors are first reviewed by the Remuneration Committee and then approved by the Board, with regard to the Directors' skill, knowledge, involvement in the Group's affairs and the performance of each Director, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the articles of association of the Company, all Directors or other key officers of the Company shall be entitled to be indemnified out of the assets of the Company against all of the Company losses or liabilities which they may sustain or incur arising from or incidental to the execution of their duties. The Company has taken out liability insurance for its Directors and senior officers, which provides the Directors and officers of the Group with indemnity assurance in respect of the potential liabilities arising from the Group's business activities.

CHARITABLE DONATIONS

Charitable donations and other donations made by the Group during the year ended 31 December 2021 amounted to approximately RMB533,000 (2020: Nil).

SUBSEQUENT EVENTS

On 3 January 2022, the Company announced the termination of the acquisition of 322,163,000 shares of First Service Holding 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.

On 4 January 2022, 5 January 2022 and 6 January 2022, the Company repurchased on the market an aggregate of 500,000 Shares, 500,000 Shares and 300,000 Shares respectively, for a total consideration of HK$9,160,300. The repurchased Shares and 5,000,000 Shares repurchased by the Company on the market on 14 December 2021 were all cancelled on 20 January 2022.

Save as disclosed above, the Group had no significant subsequent events after the reporting period and up to the date of this report which needs to be disclosed.

SUFFICIENCY OF PUBLIC FLOAT

Pursuant to Rule 8.08 of the Listing Rules, there shall be an open market in the securities for which listing is sought and a sufficient public float of an issuer's listed securities. This normally means that at least 25% of the issuer's total issued shares must at all times be held by the public.

Based on the information that is publicly available to the Company and to the knowledge of the Directors, as at the date of this annual report, the Company has maintained a sufficient public float as required under the Listing Rules.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2021 have been audited by PricewaterhouseCoopers, the auditor of the Company. The Company has not changed its auditor during the past three years. A resolution for the re-appointment of PricewaterhouseCoopers as the Company's auditor will be proposed at the forthcoming AGM of the Company.

Sunac Services Holdings Limited
Wang Mengde
Chairman of the Board

Hong Kong, 29 March 2022

pwc

羅兵咸永道

To the Shareholders of Sunac Services Holdings Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

WHAT WE HAVE AUDITED

The consolidated financial statements of Sunac Services Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 64 to 164, comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

OUR OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Assessment of the expected credit losses (the "ECL") of trade receivables
- Goodwill impairment assessment

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of the ECL of trade receivables	
Refer to note 3.1(b) 'Credit risk', note 4 'Critical accounting estimates and judgements' and note 21 'Trade and other receivables' to the consolidated financial statements. As at 31 December 2021, the Group's gross trade receivables including notes receivables amounted to approximately RMB4,037 million, which represented approximately 30% of the Group's total assets and were mainly arisen from property management services and value-added services, of which approximately RMB205 million of loss allowance was made.	We performed the following procedures to address this key audit matter: (i) We obtained an understanding of management's internal controls and assessment process of the ECL of trade receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud; (ii) We evaluated and tested management's relevant controls in relation to the assessment of ECL of trade receivables; (iii) We assessed the appropriateness of the model used to calculate the credit loss allowance adopted by management by considering the nature and characteristics of trade debtors;

Key Audit Matter	How our audit addressed the Key Audit Matter
Management assessed the lifetime ECL of trade receivables using simplified approach. Trade receivables have been grouped based on shared credit risk characteristics and ageing analysis to measure the ECL. Significant management judgement is applied in determining the calculation model and selecting the inputs to calculate the ECL rate. For trade receivables from third parties, the calculation of ECL was based on the Group's historical ageing profile of the receivables and an adjustment of forward-looking information including general economic conditions. For trade receivables from related parties, the calculation of ECL was based on the credit rating of counter parties, the Group's historical ageing profile of the receivables and probability of default of counter parties, and an assessment of forward-looking information, including general economic conditions.	(iv) We assessed the reasonableness of management's assessment of estimated credit losses by considering the reasonableness of grouping category of trade debtors, checking the accuracy of the ageing of trade receivables to invoices and related supporting documentation on a sample basis, and comparing the estimated default rate to existing market data. We involved our in-house valuation experts to assess the appropriateness of forward-looking adjustments, including evaluation of the calculation model and management's selection of economic growth data under different scenarios in light of the published macroeconomics data; and (v) We checked the mathematical accuracy of the calculation of the provision for loss allowance.
Given the magnitude of the balance of trade receivables and the assessment of the ECL of trade receivables which involved significant judgements and estimates made by management, we consider the assessment of the ECL of trade receivables a key audit matter.	We found the significant judgements and estimates made by management in relation to the assessment of the ECL of trade receivables were supportable by available evidences.

Key Audit Matter	How our audit addressed the Key Audit Matter
Goodwill impairment assessment	
Refer to note 4 'Critical accounting estimates and judgements' and note 18 'Intangible assets' to the consolidated financial statements. As at 31 December 2021, the Group had goodwill of RMB1,687.54 million, which accounted for approximately 12.5% of the total assets of the Group. The goodwill mainly arose from the Group's acquisition of Zhejiang New Century Property Management Co., Ltd. ("NCPM") and its subsidiaries ("NCPM Group") amounted to RMB1,020.22 million in 2020 and Zhangtai Services Group Co., Ltd. ("Zhangtai Services") and its subsidiaries ("Zhangtai Services Group") amounted to RMB594.61 million in 2021. For the purposes of goodwill impairment assessment, management considered NCPM Group and Zhangtai Services Group as a separate group of cash-generating-units ("CGUs") and goodwill has been allocated to NCPM Group and Zhangtai Services Group, respectively. Management assessed the impairment of goodwill by determining the recoverable amount of respective CGUs based on value-in-use ("VIU") calculation. The VIU calculation used discounted cash flow forecasts based on financial budgets approved by management. Management has engaged an independent qualified valuer to assist them in the VIU calculation.	We performed the following procedures to address this key audit matter: (i) We obtained an understanding of management's assessment process of goodwill impairment and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud; (ii) We evaluated management's identification of CGUs and allocation of goodwill based on the Group's accounting policy and our understanding of the Group's business; (iii) We assessed the competence, capabilities and objectivity of the external valuer engaged by management; (iv) We involved our in-house valuation experts to assess the appropriateness of the method adopted by management to perform goodwill impairment assessment. We assessed the terminal growth rate and pre-tax discount rate with reference to the long-term inflation rate and benchmarking pre-tax discount rate against other similar property management companies, respectively;

Key Audit Matter	How our audit addressed the Key Audit Matter
We focused on the goodwill impairment assessment because significant management's judgements and estimates were involved in the goodwill impairment assessment, including the use of key assumptions in the VIU calculation, which primarily include annual revenue growth rate, profit margin, terminal growth rate and pre-tax discount rate.	(v) We assessed and challenged the reasonableness of the key assumptions used in the VIU calculation, including comparing annual revenue growth rate and profit margin with the relevant data in the financial budgets approved by management, historical financial data and market data, where applicable; (vi) We performed a retrospective review by comparing the estimated cash flow forecasts prepared in purchase price allocation during the acquisition of NCPM and Zhangtai Services respectively with the current year's/period's actual results to assess the reliability and historical accuracy of management's forecasting process; (vii) We evaluated the reasonableness of the sensitivity analyses performed by management on the key assumptions adopted in the discounted cash flow forecasts to assess the impact of reasonable changes in assumptions on the recoverable amount and whether there were any indicators of management bias. We found the significant judgements and estimates made by management in relation to the goodwill impairment assessment were supportable by available evidences.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lo Kai Leung, Thomas.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 March 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2021 RMB'000	2020 RMB'000 (Restated) (Note 2.2)
Revenue	6	**7,903,674**	4,625,166
Cost of sales	7	**(5,412,704)**	(3,349,469)
Gross profit		**2,490,970**	1,275,697
Administrative expenses	7	**(749,217)**	(501,986)
Selling and marketing expenses	7	**(68,703)**	(28,772)
Net impairment losses on financial assets	7	**(195,512)**	(14,954)
Other income and expenses	9	**67,159**	56,771
Other gains – net	10	**92,081**	11,018
Operating profit		**1,636,778**	797,774
Finance income		**144,712**	12,566
Finance costs		**(7,016)**	(2,096)
Finance income – net	11	**137,696**	10,470
Share of post-tax profits of associates and joint ventures accounted for using the equity method, net	20	**10,501**	8,572
Profit before income tax		**1,784,975**	816,816
Income tax expense	13	**(426,481)**	(195,185)
Profit for the year		**1,358,494**	621,631
Other comprehensive income for the year		**—**	—
Total comprehensive income for the year		**1,358,494**	621,631
Total comprehensive income attributable to:			
– Owners of the Company		**1,276,326**	596,799
– Non-controlling interests		**82,168**	24,832
		1,358,494	621,631
Earnings per share (expressed in RMB per share)			
– Basic earnings per share	14	**0.41**	0.25
– Diluted earnings per share	14	**0.41**	0.25

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2021 RMB'000	2020 RMB'000 (Restated) (Note 2.2)
ASSETS			
Non-current assets			
Property, plant and equipment	15	**122,273**	58,910
Right-of-use assets	16	**83,831**	45,163
Investment properties	17	**47,920**	—
Intangible assets	18	**2,110,527**	1,317,838
Deferred tax assets	29	**87,480**	37,754
Investments accounted for using the equity method	20	**77,601**	58,262
Financial assets at fair value through profit or loss	24	**478,201**	390,500
Other receivables	21	**204,887**	32,682
Prepayments	22	**36,071**	9,369
		3,248,791	1,950,478
Current assets			
Inventories		**57,982**	40,919
Trade and other receivables	21	**4,361,416**	1,352,133
Prepayments	22	**43,414**	36,542
Cash and cash equivalents	23	**5,304,239**	9,368,602
Restricted cash		**14,129**	9,958
Bank deposits with the maturity over three months	23	**60,000**	—
Financial assets at fair value through profit or loss	24	**378,295**	200,829
		10,219,475	11,008,983
Total assets		**13,468,266**	12,959,461
EQUITY AND LIABILITIES			
Equity attributable to the owners of the Company			
Share capital	25	**25,881**	26,035
Treasury shares	27	**(35,435)**	—
Reserves	27	**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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2021 RMB'000	 2020 RMB'000 (Restated) (Note 2.2)
LIABILITIES			
Non-current liabilities			
Lease liabilities	16	**88,692**	21,491
Other payables	28	**—**	169,624
Deferred tax liabilities	29	**161,076**	81,256
		249,768	272,371
Current liabilities			
Lease liabilities	16	**32,245**	19,761
Trade and other payables	28	**2,744,802**	1,779,418
Contract liabilities	6(a)	**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

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The financial statements on pages 64 to 164 were approved by the Board of Directors on 29 March 2022 and were signed on its behalf.

Wang Mengde
Director

Cao Hongling
Director

	Note	Attributable to the owners of the Company					
		Share capital RMB'000	Reserves RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total Equity RMB'000
Balance at 1 January 2020, as previously reported		—	184,242	183,018	367,260	130,615	497,875
Acquisition of Rongle Times (Hainan) Business Management Co., Ltd. ("Rongle Times") and its subsidiaries ("Rongle Times Group")	2.2	—	—	—	—	—	—
At 1 January 2020, as restated		—	184,242	183,018	367,260	130,615	497,875
Total comprehensive income		—	—	596,799	596,799	24,832	621,631
Transactions with the owners of the Company							
Capital contribution from the owners of the Company		88	1,226,256	—	1,226,344	—	1,226,344
Capital contributions from non-controlling interests		—	—	—	—	6,670	6,670
Non-controlling interests arising on business combination		—	—	—	—	8,784	8,784
Effect of group reorganisation in respect of acquisition of a fellow subsidiary		—	(10,000)	—	(10,000)	—	(10,000)
Dividends to then shareholders of Chengdu Global Century Property Services Co., Ltd. ("Chengdu Global Century") before acquisition		—	(101,076)	—	(101,076)	(107,544)	(208,620)
Effect of group reorganisation in respect of acquisition of Chengdu Global Century		—	1,508	—	1,508	(10,180)	(8,672)
Transaction with non-controlling interests		—	(3,351)	—	(3,351)	(1,536)	(4,887)
Dividends paid to non-controlling interests		—	—	—	—	(360)	(360)
Capitalisation of loans from a fellow subsidiary		—	10,000	—	10,000	—	10,000
Capitalisation issue		19,299	(19,299)	—	—	—	—
Global initial public offering		5,787	6,602,867	—	6,608,654	—	6,608,654
Exercise of over-allotment option		861	982,875	—	983,736	—	983,736
Appropriation of statutory reserves	27(a)	—	36,918	(36,918)	—	—	—
Balance at 31 December 2020, as restated		26,035	8,910,940	742,899	9,679,874	51,281	9,731,155

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to the owners of the Company						
	Note	Share capital RMB'000	Treasury shares RMB'000	Reserves RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total Equity RMB'000
Balance at 1 January 2021, as previously reported		**26,035**	**—**	**8,910,940**	**746,962**	**9,683,937**	**51,281**	**9,735,218**
Acquisition of Rongle Times Group	2.2	—	—	—	(4,063)	(4,063)	—	(4,063)
At 1 January 2021, as restated		**26,035**	**—**	**8,910,940**	**742,899**	**9,679,874**	**51,281**	**9,731,155**
Total comprehensive income		**—**	**—**	**—**	**1,276,326**	**1,276,326**	**82,168**	**1,358,494**
Transactions with the owners of the Company								
Acquisition of subsidiaries on business combination		—	—	(182,500)	—	(182,500)	40,058	(142,442)
Capital contributions from non-controlling interests		—	—	—	—	—	7,260	7,260
Dividends relating to 2020		—	—	(180,003)	—	(180,003)	—	(180,003)
Dividends to then shareholders of Rongle Times Group before business combination under common control		—	—	—	(61,187)	(61,187)	(7,390)	(68,577)
Effect of business combination under common control in respect of acquisition of Rongle Times Group		—	—	(1,795,000)	—	(1,795,000)	—	(1,795,000)
Share award scheme-value of employee services	26	—	—	33,689	—	33,689	—	33,689
Transaction with non-controlling interests		—	—	(9)	—	(9)	(470)	(479)
Dividends paid to non-controlling interests		—	—	—	—	—	(1,445)	(1,445)
Repurchase of shares	27(a)	—	(269,665)	—	—	(269,665)	—	(269,665)
Deregistration of repurchased shares	27(a)	(154)	234,230	(234,076)	—	—	—	—
Appropriation of statutory reserves	27(a)	—	—	58,607	(58,607)	—	—	—
Balance at 31 December 2021		**25,881**	**(35,435)**	**6,611,648**	**1,899,431**	**8,501,525**	**171,462**	**8,672,987**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2021 RMB'000	2020 RMB'000 (Restated)
Cash flows from operating activities			
Cash (used in)/generated from operations	31(a)	**(133,941)**	1,155,650
Income tax paid		**(252,908)**	(131,823)
Net cash (used in)/generated from operating activities		**(386,849)**	1,023,827
Cash flows from investing activities			
Net cash impact on business combination	33	**(736,526)**	(1,033,084)
Payments for consideration payable of the acquisition of Zhejiang New Century Property Management Co., Ltd. ("NCPM")		**(214,166)**	—
Payments for purchases of property, plant and equipment and intangible assets		**(146,222)**	(40,457)
Payments for deposit of the equity acquisition		**(100,000)**	—
Payments for financial assets at fair value through profit or loss ("FVPL")		**(2,475,869)**	(4,093,905)
Capital injection in joint ventures and associates		**(10,128)**	(820)
Proceeds from redemption of financial assets at FVPL		**2,340,455**	3,744,246
Proceeds from disposal of property, plant and equipment and intangible assets		**734**	187
Loans granted to a related party		**—**	(400,000)
Loan repayments from a related party		**—**	400,000
Cash advances to related parties		**—**	(8,760)
Collection of cash advances to related parties		**—**	43,414
Dividend received from a joint venture		**1,290**	1,000
Principal elements of lease receivables		**3,937**	—
Interest received		**6,030**	17,629
Net cash used in investing activities		**(1,330,465)**	(1,370,550)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000 (Restated)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares – net	**—**	7,592,390
Capital contribution from the owners of the Company and non-controlling interests	**7,260**	1,233,014
Capital injection from a fellow subsidiary of Sunac China	**5,000**	—
Dividends paid to then shareholders of Chengdu Global Century before acquisition	**—**	(1,614)
Acquisition of Rongle Times Group	**(1,800,000)**	—
Dividends relating to 2020	**(180,003)**	—
Dividends to then shareholders of Rongle Times Group before business combination under common control	**(21,000)**	—
Dividends paid to non-controlling interests	**(1,445)**	(360)
Repurchase of shares	**(269,665)**	—
Payments for transaction with non-controlling interests	**(479)**	(4,887)
Proceeds from borrowings	**—**	7,700
Repayments of borrowings	**(16,900)**	(7,700)
Cash advances from related parties	**—**	3,081
Cash advances repayments to related parties	**—**	(164,637)
Interest paid	**(7,016)**	(2,096)
Principal elements of lease payments	**(36,393)**	(25,666)
Net cash (used in)/generated from financing activities	**(2,320,641)**	8,629,225
Net (decrease)/increase in cash and cash equivalents	**(4,037,955)**	8,282,502
Cash and cash equivalents at beginning of the year	**9,368,602**	1,090,197
Effects of exchange rate changes on cash and cash equivalents	**(26,408)**	(4,097)
Cash and cash equivalents at end of the year	**5,304,239**	9,368,602

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 General information

Sunac Services Holdings Limited (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 Company's registered office is One Nexus Way, Camana Bay, Grand Cayman KY1-9005, Cayman Islands.

The Company is an investment company. The Company and its subsidiaries (the "Group") are 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'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

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. The financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 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.

2 Summary of significant accounting policies (Continued)

2.1 BASIS OF PREPARATION (CONTINUED)

(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

2 Summary of significant accounting policies (Continued)

2.2 APPLICATION OF BUSINESS COMBINATION UNDER COMMON CONTROL

On 7 November 2021, the Company entered into an acquisition agreement with Sunac China, pursuant to which the Company agreed to acquire the entire equity interest of Rongle Times Group at a consideration of RMB1,800 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.

No amount is recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of business combination under common control, to the extent of the continuation of the ultimate controlling party's interest.

Inter-company transactions, balances and unrealised gains/losses on transactions between Rongle Times Group and other group companies are eliminated on consolidation.

The following is a reconciliation of the effect arising from the business combination under common control of Rongle Times Group on the consolidated statement of comprehensive income and the consolidated statement of financial position.

2 Summary of significant accounting policies (Continued)

2.2 APPLICATION OF BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

Consolidated statement of comprehensive income

For the year ended 31 December 2020

	The Group (before business combination under common control) RMB'000	Effects of business combination under common control of Rongle Times Group RMB'000	Consolidated RMB'000
Revenue	4,622,509	2,657	4,625,166
Cost of sales	(3,347,368)	(2,101)	(3,349,469)
Gross profit	1,275,141	556	1,275,697
Administrative expenses	(496,012)	(5,974)	(501,986)
Selling and marketing expenses	(28,772)	—	(28,772)
Net impairment losses on financial assets	(14,954)	—	(14,954)
Other income and expenses	56,770	1	56,771
Other gains – net	11,018	—	11,018
Operating profit/(loss)	803,191	(5,417)	797,774
Finance income	12,566	—	12,566
Finance costs	(2,096)	—	(2,096)
Finance income – net	10,470	—	10,470
Share of post-tax profits of associates and joint ventures accounted for using the equity method, net	8,572	—	8,572
Profit/(loss) before income tax	822,233	(5,417)	816,816
Income tax expense	(196,539)	1,354	(195,185)
Profit/(loss) for the year	625,694	(4,063)	621,631
Other comprehensive income for the year	—	—	—
Total comprehensive income/(loss) for the year	625,694	(4,063)	621,631
Total comprehensive income/(loss) attributable to:			
– Owners of the Company	600,862	(4,063)	596,799
– Non-controlling interests	24,832	—	24,832
	625,694	(4,063)	621,631

2 Summary of significant accounting policies (Continued)

2.2 APPLICATION OF BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

Consolidated statement of comprehensive income (Continued)

For the year ended 31 December 2021

	The Group (before business combination under common control) RMB'000	Effects of business combination under common control of Rongle Times Group RMB'000	Consolidated RMB'000
Revenue	7,727,603	176,071	7,903,674
Cost of sales	(5,376,052)	(36,652)	(5,412,704)
Gross profit	2,351,551	139,419	2,490,970
Administrative expenses	(724,955)	(24,262)	(749,217)
Selling and marketing expenses	(61,878)	(6,825)	(68,703)
Net impairment losses on financial assets	(194,034)	(1,478)	(195,512)
Other income and expenses	67,107	52	67,159
Other gains – net	92,081	—	92,081
Operating profit	1,529,872	106,906	1,636,778
Finance income	144,712	—	144,712
Finance costs	(7,016)	—	(7,016)
Finance income – net	137,696	—	137,696
Share of post-tax profits/(losses) of associates and joint ventures accounted for using the equity method, net	10,519	(18)	10,501
Profit before income tax	1,678,087	106,888	1,784,975
Income tax expense	(403,477)	(23,004)	(426,481)
Profit for the year	1,274,610	83,884	1,358,494
Other comprehensive income for the year	—	—	—
Total comprehensive income for the year	1,274,610	83,884	1,358,494
Total comprehensive income attributable to:			
– Owners of the Company	1,202,332	73,994	1,276,326
– Non-controlling interests	72,278	9,890	82,168
	1,274,610	83,884	1,358,494

2 Summary of significant accounting policies (Continued)

2.2 APPLICATION OF BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

Consolidated statement of financial position

As at 31 December 2020

	The Group (before business combination under common control) RMB'000	Effects of business combination under common control of Rongle Times Group RMB'000	Adjustments RMB'000	Consolidated RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	58,907	3	—	58,910
Right-of-use assets	45,163	—	—	45,163
Intangible assets	1,317,838	—	—	1,317,838
Deferred tax assets	36,400	1,354	—	37,754
Investments accounted for using the equity method	58,262	—	—	58,262
Financial assets at fair value through profit or loss	390,500	—	—	390,500
Other receivables	32,682	—	—	32,682
Prepayments	9,369	—	—	9,369
	1,949,121	1,357	—	1,950,478
Current assets				
Inventories	40,919	—	—	40,919
Trade and other receivables	1,351,435	698	—	1,352,133
Prepayments	36,542	—	—	36,542
Cash and cash equivalents	9,368,495	107	—	9,368,602
Restricted cash	9,958	—	—	9,958
Financial assets at fair value through profit or loss	200,829	—	—	200,829
Total current assets	11,008,178	805	—	11,008,983
Total assets	12,957,299	2,162	—	12,959,461

2 Summary of significant accounting policies (Continued)

2.2 APPLICATION OF BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

Consolidated statement of financial position (Continued)

As at 31 December 2020 (Continued)

	The Group (before business combination under common control) RMB'000	Effects of business combination under common control of Rongle Times Group RMB'000	Adjustments RMB'000	Consolidated RMB'000
EQUITY AND LIABILITIES				
Equity attributable to the owners of the Company				
Share capital	26,035	—	—	26,035
Reserves	8,910,940	—	—	8,910,940
Retained earnings/(accumulated losses)	746,962	(4,063)	—	742,899
	9,683,937	(4,063)	—	9,679,874
Non-controlling interests	51,281	—	—	51,281
Total equity	9,735,218	(4,063)	—	9,731,155
Non-current liabilities				
Lease liabilities	21,491	—	—	21,491
Other payables	169,624	—	—	169,624
Deferred tax liabilities	81,256	—	—	81,256
	272,371	—	—	272,371
Current liabilities				
Lease liabilities	19,761	—	—	19,761
Trade and other payables	1,773,193	6,225	—	1,779,418
Contract liabilities	1,005,281	—	—	1,005,281
Current income tax liabilities	151,475	—	—	151,475
	2,949,710	6,225	—	2,955,935
Total liabilities	3,222,081	6,225	—	3,228,306
Total equity and liabilities	12,957,299	2,162	—	12,959,461

2 Summary of significant accounting policies (Continued)

2.2 APPLICATION OF BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

Consolidated statement of financial position (Continued)

As at 31 December 2021

	The Group (before business combination under common control) RMB'000	Effects of business combination under common control of Rongle Times Group RMB'000	Adjustments RMB'000	Consolidated RMB'000
ASSETS				
Non-current assets				
Investment in subsidiaries	1,800,000	—	(1,800,000)	—
Property, plant and equipment	122,237	36	—	122,273
Right-of-use assets	83,313	518	—	83,831
Investment properties	47,920	—	—	47,920
Intangible assets	2,110,527	—	—	2,110,527
Deferred tax assets	86,245	1,235	—	87,480
Investments accounted for using the equity method	76,598	1,003	—	77,601
Financial assets at fair value through profit or loss	478,201	—	—	478,201
Other receivables	204,887	—	—	204,887
Prepayments	36,071	—	—	36,071
	5,045,999	2,792	(1,800,000)	3,248,791
Current assets				
Inventories	57,982	—	—	57,982
Trade and other receivables	4,340,699	57,512	(36,795)	4,361,416
Prepayments	42,470	944	—	43,414
Cash and cash equivalents	5,300,173	4,066	—	5,304,239
Restricted cash	14,129	—	—	14,129
Bank deposits with the maturity over three months	60,000	—	—	60,000
Financial assets at fair value through profit or loss	378,295	—	—	378,295
Total current assets	10,193,748	62,522	(36,795)	10,219,475
Total assets	15,239,747	65,314	(1,836,795)	13,468,266

2 Summary of significant accounting policies (Continued)

2.2 APPLICATION OF BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

Consolidated statement of financial position (Continued)

As at 31 December 2021 (Continued)

	The Group (before business combination under common control) RMB'000	Effects of business combination under common control of Rongle Times Group RMB'000	Adjustments RMB'000	Consolidated RMB'000
EQUITY AND LIABILITIES				
Equity attributable to the owners of the Company				
Share capital	25,881	5,000	(5,000)	25,881
Treasury shares	(35,435)	—	—	(35,435)
Reserves	8,396,508	10,140	(1,795,000)	6,611,648
Retained earnings/(accumulated losses)	1,900,826	(1,395)	—	1,899,431
	10,287,780	13,745	(1,800,000)	8,501,525
Non-controlling interests	168,162	3,300	—	171,462
Total equity	10,455,942	17,045	(1,800,000)	8,672,987
Non-current liabilities				
Lease liabilities	88,559	133	—	88,692
Deferred tax liabilities	161,076	—	—	161,076
	249,635	133	—	249,768
Current liabilities				
Lease liabilities	31,935	310	—	32,245
Trade and other payables	2,740,748	40,849	(36,795)	2,744,802
Contract liabilities	1,444,247	—	—	1,444,247
Current income tax liabilities	317,240	6,977	—	324,217
	4,534,170	48,136	(36,795)	4,545,511
Total liabilities	4,783,805	48,269	(36,795)	4,795,279
Total equity and liabilities	15,239,747	65,314	(1,836,795)	13,468,266

2 Summary of significant accounting policies (Continued)

2.2 APPLICATION OF BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

Consolidated statement of financial position (Continued)

As at 31 December 2021 (Continued)

Note:

The adjustments mainly represent adjustments for elimination of share capital and investment cost. The differences have been accounted for in the other reserves in the consolidated statement of changes in equity.

No other significant adjustments were made by the Group during the year to the net assets and net profit or loss of any entities as a result of the business combination under common control to achieve consistency of accounting policies.

2.3 PRINCIPLES OF CONSOLIDATION AND EQUITY ACCOUNTING

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (see note 2.4 below).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Joint arrangements

Under HKFRS 11 *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Interests in joint ventures are accounted for using the equity method (see note 2.3(iv) below), after initially being recognised at cost in the consolidated statement of financial position.

2 Summary of significant accounting policies (Continued)

2.3 PRINCIPLES OF CONSOLIDATION AND EQUITY ACCOUNTING (CONTINUED)

(iii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see note 2.3(iv) below), after initially being recognised at cost.

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.11.

(v) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

2 Summary of significant accounting policies (Continued)

2.3 PRINCIPLES OF CONSOLIDATION AND EQUITY ACCOUNTING (CONTINUED)

(v) Changes in ownership interests (Continued)

When the Group ceases to consolidate or equity account for an investment because of a loss of control or joint control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.4 BUSINESS COMBINATIONS

Acquisition method

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

2 Summary of significant accounting policies (Continued)

2.4 BUSINESS COMBINATIONS (CONTINUED)

Acquisition method (Continued)

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Common control combinations

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquirer's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated financial statements include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities had been combined at the previous year end date or when they first came under common control, whichever is shorter.

2 Summary of significant accounting policies (Continued)

2.4 BUSINESS COMBINATIONS (CONTINUED)

Common control combinations (Continued)

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities are eliminated on consolidation.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred.

2.5 SEPARATE FINANCIAL STATEMENTS

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.6 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker (the "CODM"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions.

2.7 FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and presentation currency.

2 Summary of significant accounting policies (Continued)

2.7 FOREIGN CURRENCY TRANSLATION (CONTINUED)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in of profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2 Summary of significant accounting policies (Continued)

2.8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

	Estimated useful lives	Estimated net residual value
Buildings	20 years	5%
Machinery and electronic equipment	3-10 years	5%
Vehicles	3-5 years	5%
Furniture and office equipment	3-5 years	5%
Leasehold improvements	Estimated useful lives or remaining lease terms whichever is shorter	0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2.9 INVESTMENT PROPERTIES

Investment properties, representing freehold commercial properties, are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. Investment properties are initially measured at cost including related transaction costs and where applicable borrowing cost.

After initial recognition, investment properties are carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any differences in the nature, location or condition of the specific asset. If such information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

The fair value of investment properties reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market condition.

Changes in fair values are presented in profit or loss as part of other income.

2 Summary of significant accounting policies (Continued)

2.10 INTANGIBLE ASSETS

(i) Goodwill

Goodwill is measured as described in note 2.4. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(ii) Software

Acquired computer software programmes are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful lives of 3–5 years on a straight-line basis.

(iii) Customer relationships

Separately acquired customer relationships are shown at historical cost. Customer relationships acquired in a business combination are initially recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful lives, which is 5 to 8 years.

(iv) Brand

Brand acquired in a business combination is recognised at fair value at the acquisition date. Brand has a finite useful life and is subsequently carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful lives of 10 years.

(v) Exclusive operating rights

The Group entered into agency services agreements about sales of car park spaces with the fellow subsidiaries under Sunac China and associates and joint ventures of Sunac China (the "Sunac China Group") (the "Car Park Agency Agreements"). Pursuant to the Car Park Agency Agreements, certain deposits will be paid by the Group to Sunac China Group after the effective date of each agreement and will be refunded in line with the car park spaces sold out and transferred to third party customers. Upon completion or termination of each contract, the remaining balance of the deposits in respect of unsold car park spaces, shall be refunded to the Group by Sunac China Group in full. As at the effective date of each agreement, the refundable deposits are measured at their present values by discounting the expected cashflow based on management's best estimation for the utilisation of these deposits upon sale of car park spaces and the entity's incremental borrowing rates. The difference between the present values of the refundable deposits and the contractual amounts of deposits is recognised as exclusive operating rights. Amortisation is calculated using the straight-line method over the agreed contract period, which is 1.25 years to 5 years.

2 Summary of significant accounting policies (Continued)

2.11 IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill that has an indefinite useful life is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.12 INVESTMENTS AND OTHER FINANCIAL ASSETS

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2 Summary of significant accounting policies (Continued)

2.12 INVESTMENTS AND OTHER FINANCIAL ASSETS (CONTINUED)

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

2 Summary of significant accounting policies (Continued)

2.12 INVESTMENTS AND OTHER FINANCIAL ASSETS (CONTINUED)

(iii) Measurement (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses on a forward looking basis the ECL associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 3.1(b) for further details.

2.13 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Company currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Company has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be offset in certain circumstances, such as bankruptcy or the termination of a contract.

2 Summary of significant accounting policies (Continued)

2.14 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost, being cost of purchase, is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.15 TRADE RECEIVABLES

Trade receivables are amounts due from customers for services or goods sold performed in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 2.12 for further information about the Group's accounting for trade receivables and note 3.1(b) for a description of the Group's impairment policies.

2.16 CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.17 SHARE CAPITAL

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

Shares held by the Company are disclosed as treasury shares and deducted from contributed equity.

2 Summary of significant accounting policies (Continued)

2.18 TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.19 BORROWINGS AND BORROWING COSTS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs are expensed in the period in which they are incurred.

2.20 CURRENT AND DEFERRED INCOME TAX

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. The management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 Summary of significant accounting policies (Continued)

2.20 CURRENT AND DEFERRED INCOME TAX (CONTINUED)

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.21 EMPLOYEE BENEFITS

(i) Short-term obligations

Liabilities for wages and salaries that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2 Summary of significant accounting policies (Continued)

2.21 EMPLOYEE BENEFITS (CONTINUED)

(ii) Pension obligations

The Group only operate defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(iii) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2 Summary of significant accounting policies (Continued)

2.22 SHARE-BASED PAYMENTS

Share-based compensation benefits are provided to employees via an employee share award scheme. Information relating to these schemes is set out in note 26.

Employee share award scheme

Under the employee share award scheme, Sunac China entrusted the trustee to subscribe for ordinary shares of the Company and will hold such shares on behalf of the relevant selected employees on trust, until such shares are vested and transferred onto the relevant selected employees in accordance with the scheme rules.

The fair value of the shares granted to selected employees for nil consideration under the employee share award scheme is recognised as an expense over the relevant service period and the vesting period of the shares. The fair value is measured at the grant date of the shares and is recognised in equity in the share-based payment reserve. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period and adjustments are recognised in profit or loss and the share-based payment reserve.

Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective the date of the forfeiture.

2.23 PROVISIONS

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2 Summary of significant accounting policies (Continued)

2.24 REVENUE RECOGNITION

The Group provides property management services, commercial operational services, community living services and value-added services to non-property owners. Revenue from providing services is recognised in the accounting period in which the services are rendered. The following is a description of the accounting policy for the principal revenue stream of the Group.

For property management services, the Group bills a fixed amount for services provided and recognises as revenue in the amount to which the Group has a right to bill and that corresponds directly with the value of performance completed on a monthly basis.

For property management services income from properties managed under lump sum basis, where the Group acts as principal and is primary responsible for providing the property management services to the property owners, the Group recognises the fee received or receivable from property owners as its revenue and all related property management costs as its cost of services.

For property management services income from properties managed under commission basis, the Group recognises the commission, which is calculated by certain percentage of the total property management fee received or receivable from the property units, as its revenue for arranging and monitoring the services as provided by other suppliers to the property owners.

Value-added services to non-property owners mainly includes (i) on-site sales assistance services, which mainly includes cleaning and security services to property developer, which are billed based on the pre-determined price and revenue is recognised when such services are provided; (ii) consultancy services and other services at the pre-delivery stage, which are billed based on the contract amount with property developers and revenue is recognised when the services are provided; (iii) commission income for sales of properties or car park spaces, which are recognised on a net basis when the control of properties or the use rights of car park spaces are transferred to the customer; (iv) engineering services mainly include engineering and maintenance services of elevator and intelligent security equipment. Revenue from engineering services is recognised by reference to the percentage of completion of the contract activity at the balance sheet date. The stage of completion is measured by reference to the actual outcomes achieved up to the end of the reporting period as a percentage of total contract quantity.

Commercial operational services to owners of the shopping malls mainly include (i) research and strategy services, for which the service fee depends on the size of the shopping malls as well as the services and deliverables provided by the Group. Revenue from such services is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation; (ii) opening preparation services, for which the service fee is charged in a fixed amount depending on the size of the shopping malls and revenue is recognised monthly when such services are provided; (iii) tenant sourcing services, for which the service fee is calculated at a percentage of rental fees and revenue is recognised monthly when such services are provided; and (iv) post-opening operation management services, for which the Group collects fees at a percentage of operating profit of the relevant shopping malls and revenue is recognised monthly when such services are provided.

2 Summary of significant accounting policies (Continued)

2.24 REVENUE RECOGNITION (CONTINUED)

Community living services mainly includes (i) commission from sales or rental of secondhand properties, which is billed immediately upon the services rendered and is recognised on a net basis; (ii) commission from public resources management services, which is recognised over the time when such services are rendered; (iii) revenue from other community convenience services are charged for each service provided and recognised when the relevant services are rendered. Community related services are normally billable immediately upon the services are provided.

When either party to a contract has performed, the Group presents the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer. Incremental costs incurred to obtain a contract, if recoverable, are capitalised and presented as assets and subsequently amortised when the related revenue is recognised.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers services to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier).

A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

2.25 EARNINGS PER SHARE

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

2 Summary of significant accounting policies (Continued)

2.25 EARNINGS PER SHARE (CONTINUED)

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.26 LEASE

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

2 Summary of significant accounting policies (Continued)

2.26 LEASE (CONTINUED)

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

A lessor shall classify each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Rental income from operating leases where the Group is a lessor is recognised on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as rental income. The respective leased assets are included in the balance sheet based on their nature.

Sub-lease is a transaction for which an underlying asset is re-leased by a lessee ("sublease lessor") to a third party, and the lease ("head lease") between the head lessor and lessee remains in effect. In classifying a sublease, a sublease lessor shall classify the sublease as a finance lease or an operating lease as follows:

- If the head lease is a short-term lease that the entity, as a lessee, has accounted for the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis, the sublease shall be classified as an operating lease.
- Otherwise, the sublease shall be classified by referenced to the right-of-use asset arising from the head lease as finance lease or operating lease.

2 Summary of significant accounting policies (Continued)

2.27 DIVIDEND DISTRIBUTION

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.28 GOVERNMENT GRANTS

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2.29 INTEREST INCOME

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in other income.

Interest income on lease receivables calculated using the interest rate implicit in the sublease is recognised in finance income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired financial asset (after deduction of the loss allowance).

3 Financial risk management

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1 FINANCIAL RISK FACTORS

The Group's risk management is predominantly controlled by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

(a) Foreign exchange risk

The Group's normal operating activities are principally conducted in RMB since all of the operating entities are based in the PRC, except for proceeds from certain financing activities, including the initial public offering, which are denominated in Hong Kong Dollar ("HKD"). The foreign currency balances as at 31 December 2021 were primarily related to bank deposits denominated in HKD and United States dollar ("USD") (note 23).

The carrying amount of the Group's foreign currency denominated assets are as follows:

	31 December 2021 RMB'000	31 December 2020 RMB'000
Assets		
USD	**4**	16
HKD	**72,148**	991

The aggregate net foreign exchange gains/losses recognised in profit or loss were:

	31 December 2021 RMB'000	31 December 2020 RMB'000
Net foreign exchange losses included in other gains – net	**26,408**	4,097

As at 31 December 2021, if RMB had strengthened/weakened by 5% against the HK dollar with all other variables held constant, the post-tax profit for the year would have been RMB2.71 million lower/higher (2020: RMB0.04 million lower/higher).

The Group has not used any forward contracts, currency borrowings or other means to hedge its foreign exchange exposure.

3 Financial risk management (Continued)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk

(i) Risk management

The Group is exposed to credit risk in relation to its trade and other receivables, cash deposits in banks and other financial institutions, bank deposits with the maturity over three months and financial assets at FVPL. The carrying amounts of trade receivables, other receivables, cash and cash equivalents, bank deposits with the maturity over three months, restricted cash and financial assets at FVPL represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group expects that there is no significant credit risk associated with cash deposits in banks and other financial institutions since they are substantially deposited at state-owned banks, other medium or large-sized listed banks and security companies with high credit rating. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group has large number of customers and there was no concentration of credit risk. The Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

3 Financial risk management (Continued)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (Continued)

(ii) Impairment of financial assets

The Group has three types of financial assets that are subject to the ECL model:

- trade receivables (including notes receivables)
- other receivables (excluding amounts due from related parties)
- amounts due from related parties

While cash and cash equivalents, bank deposits with the maturity over three months and restricted cash are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of individual property owner or the debtor
- significant changes in the expected performance and behaviour of the debtor, including change in the payment status of debtors in the Group and changes in the operating results of the debtor.

3 Financial risk management (Continued)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

For financial instruments whose impairment losses are measured using the ECL models, the Group assesses whether their credit risk has increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their impairment allowance and recognise their ECL, as follows:

- Stage 1: If the credit risk has not increased significantly since its initial recognition, the financial asset is included in stage 1, at which the Group only needs to measure ECL in the next 12 months.
- Stage 2: If the credit risk has increased significantly since its initial recognition but is not yet deemed to be credit-impaired, the financial instrument is moved to Stage 2, at which the Group needs to measure lifetime ECL.
- Stage 3: If the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3, at which the Group needs to measure lifetime ECL.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

The Group accounts for its credit risk by appropriately providing for ECL on a timely basis. In calculating the ECL rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

Trade receivables (including notes receivables)

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime expected loss allowance for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the ageing analysis.

For trade receivables from third parties, the ECL were estimated using a provision matrix based on the history ageing profile of these receivables over a period of 5 years before 31 December 2021 or 1 January 2021 respectively and the corresponding historical credit losses experience within this period.

3 Financial risk management (Continued)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (including notes receivables) (Continued)

For trade receivables from related parties (including notes receivables) in 2021, the ECL were based on historical loss rates, including the credit rating of counter parties and the ageing profile of these receivables at each reporting period and probability of default of counter parties on an ongoing basis throughout each reporting period, while for trade receivables from related parties in 2020, the ECL were estimated using a provision matrix based on the history ageing profile of these receivables over a period of 5 years before 1 January 2021 and the corresponding historical credit losses experience within this period.

The historical loss rates were adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the trade receivables.

On that basis, the loss allowance as at 31 December 2021 and 2020 was determined as follows for trade receivables (including notes receivables from related parties):

	Ageing analysis						
	Within 1 year RMB'000	1–2 years RMB'000	2–3 years RMB'000	3–4 years RMB'000	4–5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Third parties							
At 31 December 2021							
Expected loss rate	**2%**	**6%**	**9%**	**16%**	**38%**	**68%**	**4%**
Gross carrying amount	**796,315**	**119,415**	**42,856**	**19,807**	**14,363**	**8,690**	**1,001,446**
Loss allowance	**13,731**	**6,703**	**3,956**	**3,184**	**5,518**	**5,892**	**38,984**
At 31 December 2020							
Expected loss rate	3%	4%	9%	19%	40%	74%	6%
Gross carrying amount	361,536	98,180	35,553	22,594	14,297	4,828	536,988
Loss allowance	10,302	4,220	3,296	4,219	5,781	3,596	31,414

3 Financial risk management (Continued)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Related parties (including notes receivables)

	Ageing analysis						
	Within 1 year RMB'000	1–2 years RMB'000	2–3 years RMB'000	3–4 years RMB'000	4–5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2021							
Expected loss rate	**5%**	**9%**	**17%**	**15%**	**—**	**—**	**5%**
Gross carrying amount	**2,539,988**	**489,868**	**5,602**	**199**	**—**	**—**	**3,035,657**
Loss allowance	**122,830**	**42,120**	**962**	**29**	**—**	**—**	**165,941**
At 31 December 2020 (Restated)							
Expected loss rate	0%	2%	5%	—	—	—	0%
Gross carrying amount	519,796	26,380	337	—	—	—	546,513
Loss allowance	764	537	16	—	—	—	1,317

Other receivables (excluding amounts due from related parties)

Other receivables (excluding amounts due from related parties) mainly included payments on behalf of property owners, lease receivables, deposits and others. Management considered these receivables to be low credit risk, when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. In calculating the ECL rates, the Group considers historical loss rates for other receivables, and adjusts for forward looking macroeconomic data. On that basis, the loss allowance for other receivables (excluding amounts due from related parties) was limited to 12 months expected losses, which was RMB5.42 million as at 31 December 2021 (31 December 2020: RMB2.92 million).

3 Financial risk management (Continued)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Amounts due from related parties

Amounts due from related parties mainly included deposits paid for Car Park Contracts and others. As at 31 December 2021, the Group has assessed that the expected loss rate for amounts due from fellow subsidiaries and related companies were moved from stage 1 to stage 2 given that the reasonable and supportive current and forwarding-looking information which indicate the financial assets has a significant increase in credit risk since initial recognition.

The loss allowance as at 31 December 2021 and 2020 was determined as follows for amounts due from related parties:

	Stage 1	Stage 2	Stage 3	Total
Other receivables				
At 31 December 2021				
Expected loss rate	**—**	**6%**	**—**	**6%**
Gross carrying amount	**—**	**381,871**	**—**	**381,871**
Loss allowance	**—**	**24,457**	**—**	**24,457**
At 31 December 2020				
Expected loss rate	0%	—	—	0%
Gross carrying amount	212,372	—	—	212,372
Loss allowance	—	—	—	—

The loss allowances for trade and other receivables as at 31 December reconcile to the opening loss allowances as follows:

	2021 RMB'000	2020 RMB'000
Opening loss allowance at 1 January	**35,657**	13,835
Increase in loss allowance recognised in profit or loss during the year	**199,147**	21,822
Closing loss allowance at 31 December	**234,804**	35,657

3 Financial risk management (Continued)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade and other receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Impairment losses on trade and other receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

During the year, the following impairment losses or reversal were recognised in profit or loss in relation to impaired financial assets:

	2021 RMB'000	2020 RMB'000
Impairment losses		
Movement in loss allowance for trade and other receivables	**199,147**	21,822
Reversal of previous written off	**(3,635)**	(6,868)
Net impairment losses on financial assets	**195,512**	14,954

Of the above impairment losses, RMB172.20 million (2020: RMB20.99 million) relate to receivables arising from contracts with customers.

As at 31 December 2021, the gross carrying amount of trade and other receivables was RMB4,801.11 million (2020: RMB1,420.47 million (restated)) and thus the maximum exposure to loss was RMB4,566.30 million (2020: RMB1,384.82 million (restated)).

Financial assets at fair value through profit or loss

The Group is also exposed to credit risk in relation to debt investments that are measured at fair value through profit or loss. The maximum exposure at the end of the reporting period is the carrying amount of these investments (2021: RMB378.30 million; 2020: RMB200.83 million).

3 Financial risk management (Continued)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(c) Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2021					
Trade and other payables (excluding accrued payroll and other taxes payable) (note 28)	**2,031,830**	**—**	**—**	**—**	**2,031,830**
Lease liabilities	**39,606**	**28,360**	**40,535**	**54,046**	**162,547**
At 31 December 2020 (Restated)					
Trade and other payables (excluding accrued payroll and other taxes payable) (note 28)	1,228,814	169,624	—	—	1,398,438
Lease liabilities	19,778	15,028	7,480	2,114	44,400

3.2 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

As at 31 December 2021 and 2020, the Group maintained at net cash position.

3 Financial risk management (Continued)

3.3 FAIR VALUE ESTIMATION

(a) Financial assets

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the applicable accounting standards. An explanation of each level follows underneath the table.

Recurring fair value measurements

At 31 December 2021	Note	**Level 1 RMB'000**	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Financial assets					
Financial assets at FVPL	24	**—**	**—**	**856,496**	**856,496**

Recurring fair value measurements

At 31 December 2020	Note	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets					
Financial assets at FVPL	24	—	—	591,329	591,329

During the year ended 31 December 2021, there were no transfers between different levels for recurring fair value measurements during the year.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

3 Financial risk management (Continued)

3.3 FAIR VALUE ESTIMATION (CONTINUED)

(a) Financial assets (Continued)

(i) Fair value hierarchy (Continued)

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and wealth management products.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments.

  market approach, equity allocation model and option pricing method with observable and unobservable inputs, including risk-free rate, expected volatility, etc.

- discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate.

As at 31 December 2021 and 2020, the Group's level 3 instruments included interest in an unlisted company and wealth management products.

3 Financial risk management (Continued)

3.3 FAIR VALUE ESTIMATION (CONTINUED)

(a) Financial assets (Continued)

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the years ended 31 December 2021 and 31 December 2020:

	Financial assets at FVPL		
	Wealth management products RMB'000	Interest in an unlisted company RMB'000	Total RMB'000
Opening balance 1 January 2020			
Addition	3,703,405	390,500	4,093,905
Acquisition of subsidiaries	226,136	—	226,136
Disposal	(3,744,246)	—	(3,744,246)
Gains recognised in other gains – net*	15,534	—	15,534
Closing balance 31 December 2020	**200,829**	**390,500**	**591,329**
Addition	2,475,869	—	2,475,869
Acquisition of subsidiaries (note 33(b))	26,210	—	26,210
Disposal	(2,340,455)	—	(2,340,455)
Gains recognised in other gains – net*	15,842	87,701	103,543
Closing balance 31 December 2021	**378,295**	**478,201**	**856,496**

* includes unrealised gains recognised in profit or loss attributable to balances held at the end of the reporting period.

2021	2,567	87,701	90,268
2020	4,583	—	4,583

3 Financial risk management (Continued)

3.3 FAIR VALUE ESTIMATION (CONTINUED)

(a) Financial assets (Continued)

(iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements (see (ii) above for the valuation techniques adopted):

Description	Fair value at		Valuation method	Significant unobservable inputs	Range of significant unobservable inputs	
	31 Dec 2021	31 Dec 2020				
	RMB'000	RMB'000			**2021**	2020
Interest in an unlisted company	**478,201**	390,500	Market approach, equity allocation model and option pricing method	Expected volatility rate	**50.06%**	46.98%
Wealth management products	**378,295**	200,829	Discounted cash flow model	Discounted rate	**3.80%**	3.85%

Relationships of unobservable inputs to fair value are as follows:

- The higher rate of discount rate, the lower fair value;
- The higher rate of expected volatility, the lower fair value.

3 Financial risk management (Continued)

3.3 FAIR VALUE ESTIMATION (CONTINUED)

(a) Financial assets (Continued)

(v) Valuation processes

The management performs the valuation of financial instruments for financial reporting purposes. Unobservable inputs including discounted rate and expected volatility rate are assessed by the independent valuers based on current market assessments of the time value of money and the risk specific to the asset being valued.

(vi) Fair values of other financial instruments (unrecognised)

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

(b) Non-financial assets

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the non-financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial instruments into the three levels prescribed under the applicable accounting standards. An explanation of each level follows underneath the table.

At 31 December 2021	Note	**Level 1**	**Level 2**	**Level 3**	**Total**
		RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Investment properties	17	—	—	**47,920**	**47,920**

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

During the year ended 31 December 2021, there were no reclassifications of non-financial assets and non-financial liabilities and no transfers between different levels for recurring fair value measurements.

3 Financial risk management (Continued)

3.3 FAIR VALUE ESTIMATION (CONTINUED)

(b) Non-financial assets (Continued)

(ii) Valuation techniques used to determine level 3 fair values

At the end of each reporting period, the management of the Group update their assessment of the fair value of the investment properties, taking into account the most recent independent valuations. The management determine a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the management determine the fair value based on below valuation techniques:

Term & Reversion Method – rental income derived from the existing tenancies and the reversionary potential with unobservable inputs mainly including reversionary yield and market rental prices.

(iii) Fair value measurements using significant unobservable inputs (level 3)

See note 17 for further information about the changes in level 3 items for the year ended 31 December 2021.

3 Financial risk management (Continued)

3.3 FAIR VALUE ESTIMATION (CONTINUED)

(b) Non-financial assets (Continued)

(iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements (see (ii) above for the valuation techniques adopted):

Description	Fair value at 31 Dec 2021 RMB'000	31 Dec 2020 RMB'000	Valuation method	Significant unobservable inputs	Range of significant unobservable inputs 2021	2020
Commercial properties	**47,920**	—	Term & reversion method	Reversionary yield; Market rental prices;	Reversionary yield: 6%-6.25% RMB110-RMB221 per unit per month	NA

Relationships of unobservable inputs to fair value are as follows:

- The higher market rental price, the higher fair value;
- The higher rate of reversionary yield, the lower fair value.

(v) Valuation processes

As at 31 December 2021, management performs valuations for its investment properties including commercial properties.

The main level 3 inputs used by the Group are derived and evaluated as follows:

Commercial properties – market rental prices and reversionary yield are estimated by management based on comparable transactions and industry data.

4 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(i) PRC CORPORATE INCOME TAXES AND DEFERRED TAXATION

The Group's subsidiaries that operate in the PRC are subject to income tax in the PRC. Significant judgement is required in determining the provision for income tax and withholding tax on undistributed earnings of PRC subsidiaries. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters (including the effect of change in the dividend policies of PRC subsidiaries) is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

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

(ii) ECL ON RECEIVABLES

The loss allowances on trade and other receivables are 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 historical ageing profile of the receivables, existing market conditions and economic indicators for forward-looking adjustments at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 3.1(b).

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

4 Critical accounting estimates and judgements (Continued)

(iii) GOODWILL IMPAIRMENT

The Group tests whether goodwill has suffered any impairment on an annual basis. For the purposes of goodwill impairment assessment, management considered the acquired property management companies as a separate group of cash-generated-units ("CGU") and goodwill has been allocated to the acquired group of CGUs. Management assessed the impairment of goodwill by determining the recoverable amount of the group of CGUs based on value-in-use calculation. The calculation requires the Group to estimate the future cash flows expected to arise from CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash, a material impairment loss/further impairment loss may arise. For details, please refer to note 18(a).

(iv) FAIR VALUE ASSESSMENT OF THE IDENTIFIED CUSTOMER RELATIONSHIPS AND BRAND ARISING FROM BUSINESS COMBINATIONS

For the acquired business, the Group exercised significant estimates and judgments in determination of the fair value of identifiable assets acquired which mainly based on the market information and future cash flows that involved a number of factors. For details, please refer to note 33(b).

(v) ESTIMATION OF THE FAIR VALUE OF CERTAIN FINANCIAL ASSETS

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see note 3.3(a).

5 Segment information

Management has determined the operating segments based on the reports reviewed by 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.

As at 31 December 2021 and 2020, nearly 100% of the non-current assets of the Group were located in the PRC.

6 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)
Recognised over time		
– 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
Recognised at a point in time		
– 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.

6 Revenue of services (Continued)

(a) 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

(i) Significant changes in contract assets and liabilities

As at 31 December 2021, the contract liabilities mainly arose from the advance payments made by customers while the underlying services were yet to be provided. The increase in contract liabilities during the year was in line with the growth of the Group's business and due to an amount of RMB95.6 million recognised in relation to business combination.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in each of the current reporting period relates to carried-forward contract liabilities:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Property management services	**830,601**	471,840
Value-added services to non-property owners	**40,748**	28,402
Community living services	**35,819**	12,957
	907,168	513,199

6 Revenue of services (Continued)

(a) CONTRACT LIABILITIES (CONTINUED)

(iii) Unsatisfied performance obligation

For property management services, value-added services to non-property owners and commercial operational services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for this type of contracts. The majority of the property management service contracts do not have a fixed term. The term of the contracts for value-added services to non-property owners and commercial operational services is generally set to expire when the counterparties notify the Group that the services are no longer required. For community living services, they are rendered in short period of time which is generally within one year.

(iv) Assets recognised from incremental cost to obtain a contract

During the years ended 31 December 2021 and 2020, there was no significant incremental cost to obtain a contract.

7 Expenses by nature

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Employee benefit expenses (note 8)	**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

8 Employee benefit expenses

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Wages, salaries and bonuses	**2,676,940**	1,951,912
Social insurance expenses and housing funds (a)	**427,237**	188,935
Employee welfare	**85,731**	91,272
Share award granted to directors and employees (note 26)	**33,689**	—
	3,223,597	2,232,119

(a) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

(b) Five highest paid individuals

For the year ended 31 December 2021, the five individuals whose emoluments were the highest in the Group include three (2020: two) directors whose emoluments are reflected in the analysis shown in note 36. The emoluments payable to the remaining two (2020: three) individuals during the year are as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Wages and salaries	**2,026**	2,913
Discretionary bonus	**1,085**	3,841
Social insurance expenses, housing benefits and other employee benefits	**201**	131
Share award expenses	**3,907**	—
	7,219	6,885

The emoluments fell within the following bands:

	Number of individuals	
	2021	2020
Emolument bands (in HKD)		
HKD2,000,001 – HKD3,000,000	**—**	2
HKD3,000,001 – HKD4,000,000	**—**	1
HKD4,000,001 – HKD5,000,000	**2**	—
HKD5,000,001 above	**—**	—

9 Other income and expenses

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Government grants (a)	**57,076**	37,269
Interest income	**10,083**	20,705
Others – net	**—**	(1,203)
	67,159	56,771

(a) Government grants mainly represented financial support funds from government and refund of the value-added-tax ("VAT") under the "immediate refund of VAT levied" policy. There are no unfulfilled conditions or other contingencies attached to these grants.

10 Other gains – net

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Fair value gains from financial assets at FVPL	**103,543**	15,534
Exchange losses	**(26,408)**	(4,097)
Gains on disposal of right-of-use assets in the sublease	**17,246**	—
Others	**(2,300)**	(419)
	92,081	11,018

11 Finance income – net

	Year ended 31 December 2021 RMB'000	Year ended 31 December 2020 RMB'000
Finance cost		
Interest expense for borrowings	**(435)**	(27)
Interest expenses for lease liabilities	**(6,581)**	(2,069)
	(7,016)	(2,096)
Finance income		
Interest income on bank deposits	**141,449**	12,566
Interest income for lease receivables	**3,263**	—
	144,712	12,566
	137,696	10,470

12 Subsidiaries

The Group's principal subsidiaries at 31 December 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The directors are of the opinion that a complete list of the particulars of all subsidiaries will be of excessive length and therefore the following list contains only the particulars of subsidiaries as at 31 December 2021 which principally affect the results or assets of the Group.

Name of the subsidiaries	Date of incorporation or Acquisition/kind of legal entity	Nominal value of issued and fully paid share capital/ registered capital	Equity interests held by the Group 31 December		Equity interests held by non-controlling interests 31 December		Principal activities/Place of incorporation or Registration
			2021	2020	**2021**	2020	
Directly held by the Company:							
Sunac Services Investment I	8 January 2019, Limited liability	USD1	**100%**	100%	**—**	—	Investment Holding company, BVI
Sunac Services Investment II Limited	8 January 2019, Limited liability	USD1	**100%**	100%	**—**	—	Investment Holding company, BVI
Sunac Services Investment III Limited	8 January 2019, Limited liability	USD1	**100%**	100%	**—**	—	Investment Holding company, BVI

12 Subsidiaries (Continued)

Name of the subsidiaries	Date of incorporation or Acquisition/kind of legal entity	Nominal value of issued and fully paid share capital/ registered capital	Equity interests held by the Group 31 December		Equity interests held by non-controlling interests 31 December		Principal activities/Place of incorporation or Registration
			2021	2020	**2021**	2020	
Indirectly held by the Company:							
Sunac Life Services Group Limited	11 January 2019, Limited liability	USD1	**100%**	100%	**—**	—	Investment Holding company, BVI
Grace Home (BVI) Investment Limited	8 January 2019, Limited liability	USD1	**100%**	100%	**—**	—	Investment Holding company, BVI
Grace Home (HK) Investment Limited	4 February 2019, Limited liability	USD1	**100%**	100%	**—**	—	Investment Holding company, Hong Kong
Tianjin Rongjia Property Service Ltd.*	28 March 2019, Limited liability	RMB50,000,000	**100%**	100%	**—**	—	Property management, Tianjin, the PRC
Tianjin Rongzhen Investment Co., Ltd.*	9 March 2020, Limited liability	HKD1,400,000,000	**100%**	100%	**—**	—	Investment activity, Tianjin, the PRC
Tianjin Rongyue Management Consultancy Co., Ltd.*	21 March 2020, Limited liability	RMB1,100,000,000	**100%**	100%	**—**	—	Socioeconomic counselling, Tianjin, the PRC
Hainan Rongjing Investment Company Co., Ltd.	15 December 2020, Limited liability	RMB3,300,000,000	**100%**	100%	**—**	—	Investment activity, Haikou, the PRC
Hainan Rongrui Business Management Consultancy Co., Ltd.	16 December 2020, Limited liability	RMB3,300,000,000	**100%**	100%	**—**	—	Consulting services, Haikou, the PRC

12 Subsidiaries (Continued)

Name of the subsidiaries	Date of incorporation or Acquisition/kind of legal entity	Nominal value of issued and fully paid share capital/ registered capital	Equity interests held by the Group 31 December 2021	2020	Equity interests held by non-controlling interests 31 December 2021	2020	Principal activities/Place of incorporation or Registration
Indirectly held by the Company: (Continued)							
NCPM	26 June 2001, Limited liability	RMB41,076,000	**99.50%**	99.50%	**0.50%**	0.50%	Property management, Hangzhou, the PRC
Sunac Property Services Group Co., Ltd.	16 January 2004, Limited liability	RMB300,000,000	**100%**	100%	**—**	—	Property management, Tianjin, the PRC
Chongqing Sunac Property Management Limited	10 September 2004, Limited liability	RMB5,000,000	**100%**	100%	**—**	—	Property management, Chongqing, the PRC
Chengdu Global Century	1 July 2005, Limited liability	RMB5,000,000	**66.50%**	66.50%	**33.50%**	33.50%	Property management, Chengdu, the PRC
Tianjin Sunac Tourism Property Co., Ltd.	24 January 2018, Limited liability	RMB10,000,000	**100%**	100%	**—**	—	Commercial housing agent sales, Tianjin, the PRC
Tianjin Sunac Zhijia Life Services Co., Ltd.	25 December 2018, Limited liability	RMB2,000,000	**100%**	100%	**—**	—	Household services, Tianjin, the PRC
Hubei Ronglin Real Estate Brokerage Co., Ltd.	3 July 2019, Limited liability	RMB20,000,000	**100%**	100%	**—**	—	Real estate brokerage services, Wuhan, the PRC
Tianjin Sunac Engineering Equipment Installation Co., Ltd.	13 May 2016, Limited liability	RMB25,000,000	**100%**	100%	**—**	—	Engineering services, Tianjin, the PRC
Guangxi Zhangtai Property Services Group Co., Ltd.	13 September 2001, Limited liability	RMB20,618,600	**80%**	NA	**20%**	NA	Property management, Guilin, the PRC
Tianjin Sunac Property Management Services Co., Ltd.	21 June 2010, Limited liability	RMB5,000,000	**100%**	100%	**—**	—	Property management, Tianjin, the PRC

The English name of the subsidiaries represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

* Registered as wholly foreign owned enterprises under PRC law

13 Income tax expense

This note provides an analysis of the Group's income tax expense, and shows how the tax expense is affected by non-assessable and non-deductible items.

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Current income tax	**423,519**	184,827
Deferred income tax (note 29)	**2,962**	10,358
	426,481	195,185

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the consolidated statements of comprehensive income to the income tax expenses is listed below:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Profit before income tax	**1,784,975**	816,816
Tax calculated at applicable corporate income tax rate of 25%	**446,244**	204,204
Tax effects of:		
– Difference overseas tax rates	**8,002**	17,313
– Different preferential tax rates	**(63,618)**	(29,556)
– Share of profits of investments accounted for using equity method, net	**(2,625)**	(2,143)
– Tax on losses for which no deferred income tax assets were recognised	**14**	536
– Expenses not deductible for taxation purposes	**3,512**	1,354
– Income not taxable for tax purpose	**(5,128)**	(15,356)
– Dividends tax for distributable profits of PRC subsidiaries	**40,080**	18,833
	426,481	195,185

13 Income tax expense (Continued)

(i) CAYMAN ISLAND INCOME TAX

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(ii) HONG KONG PROFIT TAX AND BVI INCOME TAX

No provision for Hong Kong profits tax was made as the Group did not derive any income subject to Hong Kong profits tax during the year ended 31 December 2021 (2020: Nil).

Pursuant to the applicable rules and regulations of BVI, the BVI subsidiaries of the Group are not subject to any income tax in those jurisdictions.

(iii) PRC CORPORATE INCOME TAX

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the years/periods, based on the existing legislation, interpretations and practices in respect thereof. The statutory tax rate was 25% for the years of 2021 and 2020.

According to relevant PRC tax laws and regulations, certain subsidiaries of the Group which are registering and operating in western region of Mainland China are entitled for a preferential corporate income tax rate of 15% for the years of 2021 and 2020.

In accordance with the PRC Corporate Income Tax Law, a 10% withholding income tax is levied on dividends declared to foreign investors from the enterprises with foreign investments established in the PRC. The Group is therefore liable to withholding taxes on dividends estimated distributable by those subsidiaries established in the PRC in respect of their earnings generated from 1 January 2008.

14 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 the year, excluding shares repurchased for deregistration (note 27) 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)	**1,276,326**	596,799
Weighted average number of ordinary shares in issue	**3,098,355,732**	2,395,824,658
Basic earnings per share for profit attributable to the owners of the Company during the year (expressed in RMB per share)	**0.41**	0.25

15 Property, plant and equipment

	Machinery and electronic equipment RMB'000	Vehicles RMB'000	Furniture and office equipment RMB'000	Leasehold Improvements RMB'000	Buildings RMB'000	Assets under construction RMB'000	Total RMB'000
As at 1 January 2020							
Cost	32,560	6,869	4,686	9,296	—	—	53,411
Accumulated depreciation	(15,245)	(3,496)	(1,572)	(4,117)	—	—	(24,430)
Net book amount	17,315	3,373	3,114	5,179	—	—	28,981
Year ended 31 December 2020 (Restated)							
Opening net book amount	17,315	3,373	3,114	5,179	—	—	28,981
Acquisition of Chengdu Global Century	10,295	2,227	6,080	3,108	1,703	—	23,413
Additions	18,309	2,020	2,391	3,373	—	—	26,093
Disposals	(882)	(487)	(489)	—	—	—	(1,858)
Depreciation charges	(10,794)	(1,844)	(1,546)	(3,477)	(58)	—	(17,719)
Closing net book amount	34,243	5,289	9,550	8,183	1,645	—	58,910
As at 31 December 2020 (Restated)							
Cost	**59,496**	**10,571**	**12,613**	**15,777**	**1,703**	**—**	**100,160**
Accumulated depreciation	**(25,253)**	**(5,282)**	**(3,063)**	**(7,594)**	**(58)**	**—**	**(41,250)**
Net book amount	**34,243**	**5,289**	**9,550**	**8,183**	**1,645**	**—**	**58,910**
Year ended 31 December 2021							
Opening net book amount	**34,243**	**5,289**	**9,550**	**8,183**	**1,645**	**—**	**58,910**
Acquisition of subsidiaries (note 33(b))	**636**	**103**	**679**	**122**	**32**	**—**	**1,572**
Additions	**29,260**	**3,365**	**4,426**	**2,719**	**344**	**47,777**	**87,891**
Transfer from assets under construction	**34,583**	**—**	**—**	**—**	**—**	**(34,583)**	**—**
Disposals	**(665)**	**(393)**	**(32)**	**—**	**—**	**—**	**(1,090)**
Depreciation charges	**(15,949)**	**(2,275)**	**(2,314)**	**(4,383)**	**(89)**	**—**	**(25,010)**
Closing net book amount	**82,108**	**6,089**	**12,309**	**6,641**	**1,932**	**13,194**	**122,273**
As at 31 December 2021							
Cost	**121,084**	**12,732**	**17,440**	**18,618**	**2,078**	**13,194**	**185,146**
Accumulated depreciation	**(38,976)**	**(6,643)**	**(5,131)**	**(11,977)**	**(146)**	**—**	**(62,873)**
Net book amount	**82,108**	**6,089**	**12,309**	**6,641**	**1,932**	**13,194**	**122,273**

Depreciation expense of RMB12.15 million, RMB0.01 million and RMB12.85 million (2020: RMB11.26 million, RMB0.01 million and RMB6.45 million) has been charged to "cost of sales", "selling and marketing expenses" and "administrative expenses" respectively.

16 Leases

This note provides information for leases where the Group is a lessee.

(a) AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The consolidated statement of financial position shows the following amounts relating to leases:

Right-of-use assets	Properties RMB'000	Vehicles and others RMB'000	Total RMB'000
As at 1 January 2020			
Cost	59,958	1,804	61,762
Accumulated depreciation	(25,564)	(435)	(25,999)
Net book amount	34,394	1,369	35,763
Year ended 31 December 2020			
Opening net book amount	34,394	1,369	35,763
Additions from acquisition of subsidiaries	21,254	—	21,254
Additions	12,132	768	12,900
Depreciation charges	(23,512)	(538)	(24,050)
Disposals	(415)	(289)	(704)
Closing net book amount	43,853	1,310	45,163
As at 31 December 2020			
Cost	92,913	2,273	95,186
Accumulated depreciation	(49,060)	(963)	(50,023)
Net book amount	43,853	1,310	45,163
Year ended 31 December 2021			
Opening net book amount	**43,853**	**1,310**	**45,163**
Additions	**71,333**	**2,196**	**73,529**
Depreciation charges	**(31,704)**	**(995)**	**(32,699)**
Disposals	**(2,088)**	**(74)**	**(2,162)**
Closing net book amount	**81,394**	**2,437**	**83,831**
As at 31 December 2021			
Cost	**160,573**	**4,275**	**164,848**
Accumulated depreciation	**(79,179)**	**(1,838)**	**(81,017)**
Net book amount	**81,394**	**2,437**	**83,831**

16 Leases (Continued)

(a) AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Lease liabilities		
Current	**32,245**	19,761
Non-current	**88,692**	21,491
	120,937	41,252

(b) AMOUNTS RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income shows the following amounts relating to leases:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Depreciation charge of right-of-use assets	**32,699**	24,050
Interest expense (included in finance costs)	**6,581**	2,069
Expense relating to short-term leases and low-value assets (included in cost of sales, selling and marketing expenses, and administrative expenses)	**35,980**	40,978

The total cash outflow for leases for the year ended 31 December 2021 is RMB78.95 million (2020: RMB63.40 million).

The Group leases various offices, equipment and vehicles. Rental contracts are typically made for fixed periods from 13 months to 13 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

17 Investment properties

	Completed investment properties RMB'000
At 1 January 2021 and 31 December 2020	—
Acquisition of subsidiaries (note 33(b))	**47,920**
At 31 December 2021	**47,920**

The Group's investment properties are commercial properties located in the PRC.

See note 3.3(b) for the valuation techniques and significant inputs used in fair value measurements of investment properties.

(i) AMOUNTS RECOGNISED IN PROFIT OR LOSS FOR INVESTMENT PROPERTIES

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Rental income	**2,247**	—
Direct operating expenses from property that generated rental income	**475**	—

(ii) LEASING ARRANGEMENTS

The investment properties are leased to tenants under operating leases with rentals payable monthly. There are no significant variable lease payments that depend on an index or rate.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

Minimum lease payments receivable on leases of investment properties are as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Within 1 year	**3,857**	—
Later than 1 year but no later than 5 years	**2,025**	—
	5,882	—

18 Intangible assets

	Goodwill RMB'000 (note (a))	Customer relationships RMB'000	Software and others RMB'000	Total 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	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
Year ended 31 December 2021				
Opening net book amount	**1,020,216**	**218,920**	**78,702**	**1,317,838**
Acquisition of subsidiaries (note 33(a) & (b))	**667,320**	**154,440**	**11,565**	**833,325**
Additions	**—**	**—**	**31,629**	**31,629**
Disposals	**—**	**—**	**(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**

18 Intangible assets (Continued)

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".

(a) GOODWILL

Goodwill was generated from business combination and allocated to each property management project or a group of projects, which is expected to benefit from the synergies of the combination. Each project is identified as a cash generated unit ("CGU").

Goodwill of the Group was allocated to the following CGUs:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
NCPM	**1,020,216**	1,020,216
Zhangtai Services Group Co., Ltd. (the "Zhangtai Services")	**594,613**	—
Others	**72,707**	—
	1,687,536	1,020,216

Management reviews the business performance and monitors the goodwill on individual CGU or group of CGUs basis as at 31 December 2021. The recoverable amounts of these CGUs are determined based on value-in-use calculations and the following table sets forth the key assumption, on which management has based its cash flow projections to undertake impairment testing of goodwill:

Assumption	NCPM	Zhangtai Services
Annual revenue growth rate	**8.1%-19.7%**	**5.5%-12.3%**
Profit margin	**5.9%-6.5%**	**20.5%-20.9%**
Terminal growth rate	**3.0%**	**3.0%**
Pre-tax discount rate	**19.1%**	**18.1%**

18 Intangible assets (Continued)

(a) GOODWILL (CONTINUED)

Management has determined the values assigned to each of the above key assumptions as follows:

Annual revenue growth rate	Average annual growth rate over the five-year forecast period was based on past performance and management's expectations of market development.
Profit margin	Profit margin was based on past performance and management's expectations for the future.
Terminal growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are long-term average growth rate for the related industry in which the CGU's operates.
Pre-tax discount rate	Reflect specific risks relating to the relevant industry and the countries in which they operate.

As at 31 December 2021, the recoverable amount of RMB1,363.0 million, which was calculated based on value-in-use calculation, exceeded the carrying amount of the tested group of CGUs (including goodwill) of NCPM by RMB84.5 million.

As at 31 December 2021, the recoverable amount of RMB992.1 million, which was calculated based on value-in-use calculation, exceeded the carrying amount of the tested group of CGUs (including goodwill) of Zhangtai Services by RMB117.0 million.

The directors of the Company have undertaken sensitivity analysis based on the reasonably possible changes for above key assumptions by taking into account the volatility of the business and industry in which the goodwill allocated projects are engaged. The following table sets forth all possible changes to the key assumptions of the impairment test and the changes taken in isolation in the value-in-use calculation that would remove the remaining headroom as of 31 December 2021:

	NCPM	Zhangtai Services
Annual revenue growth rate	-1.32% (Revenue 2022 to 2026 annual growth rates decrease to 7.993%-19.440%)	-11.70% (Revenue 2022 to 2026 annual growth rates decrease to 4.857%-10.861%)
Profit margin	-8.43% (2022 to 2026 rates net margin decrease to 5.403%-5.952%)	-13.94% (2022 to 2026 rates net margin decrease to 17.642%-17.987%)
Terminal growth rate	-45.69% (Terminal growth rate decrease to 1.629%)	-99.52% (Terminal growth rate decrease to 0.014%)
Pre-tax discount rate	+6.12% (increase to 20.28%)	+12.06% (increase to 20.260%)

18 Intangible assets (Continued)

(a) GOODWILL (CONTINUED)

For NCPM, if the annual revenue growth rate used in value-in-use calculation had been 5% lower than management estimates as of 31 December 2021, the recoverable amount would be less than the carrying amount by RMB233.0 million. If the expected pre-tax discount rate had been 5% higher than management estimates as of 31 December 2021, the recoverable amount calculated would be higher than the carrying amount by RMB14.6 million.

For Zhangtai Services, if the annual revenue growth rate used in value-in-use calculation had been 5% lower than management estimates as of 31 December 2021, the recoverable amount would be higher than the carrying amount by RMB66.6 million. If the expected pre-tax discount rate had been 5% higher than management estimates as of 31 December 2021, the recoverable amount calculated would be higher than the carrying amount by RMB64.6 million.

19 Financial instruments by category

The Group holds the following financial instruments:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents (note 23)	**5,304,239**	9,368,602
Restricted cash	**14,129**	9,958
Bank deposits with the maturity over three months (note 23)	**60,000**	—
Trade and other receivables (note 21)	**4,566,303**	1,384,815
Financial assets at FVPL (note 24)	**856,496**	591,329
	10,801,167	11,354,704
Financial liabilities		
Liabilities at amortised cost		
Trade and other payables (excluding payroll payables and other taxes payables) (note 28)	**2,031,830**	1,398,438
Lease liabilities (note 16)	**120,937**	41,252
	2,152,767	1,439,690

The Group's exposure to various risks associated with the financial instruments is discussed in note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

20 Investments accounted for using the equity method

The amounts recognised in the consolidated statement of financial position are as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Joint ventures (a)	**45,050**	32,680
Associates (b)	**32,551**	25,582
	77,601	58,262

(a) INVESTMENTS IN JOINT VENTURES

	2021	2020
	RMB'000	RMB'000
At 1 January	**32,680**	2,672
Additions from acquisition of subsidiaries	**—**	26,099
Capital injection to joint ventures	**8,602**	—
Dividends declared	**(1,290)**	(1,000)
Share of profits of joint ventures	**5,058**	4,909
At 31 December	**45,050**	32,680

(b) INVESTMENTS IN ASSOCIATES

	2021	2020
	RMB'000	RMB'000
At 1 January	**25,582**	—
Additions from acquisition of subsidiaries	**—**	21,099
Capital injection to associates	**1,526**	820
Share of profits of associates	**5,443**	3,663
At 31 December	**32,551**	25,582

20 Investments accounted for using the equity method (Continued)

(c) Set out below are the principal associates and joint ventures of the Group as at 31 December 2021. The entities listed below are non-listed companies and incorporated in the PRC. These entities have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entities	Nature of relationship	Registered capital (RMB million)	Equity interest attributable to the Group		Principal activities
			2021	2020	
Jiangsu New Century Property Management Company Limited	Joint venture	10	**49%**	49%	Property management
Hangzhou Xiaoshan City Property Management Co., Ltd.	Associate	9.8	**49%**	49%	Property management
Hangzhou Xiaoshan Qianjiang Century City Urban Services Co., Ltd.	Associate	10	**49%**	49%	Property management
Chongqing Rongbi Property Services Co., Ltd.	Joint venture	1	**50%**	50%	Property management
Hangzhou New Century Jiuweike Property Management Co., Ltd.	Joint venture	5	**50%**	50%	Property management

* The English name of the joint ventures and associates represents the best efforts made by the management of the Group in translating its Chinese names as it does not have an official English name.

The Group's control over decisions about the relevant activities requires unanimous consent with other equity investment partners in the joint ventures in accordance with the joint ventures' articles of associations.

The directors of the Company consider that none of the joint ventures and associates as at 31 December 2021 was significant to the Group and thus the individual financial information of the joint ventures and associates was not disclosed.

As at 31 December 2021, there were no significant contingent liabilities and commitments relating to the Group's interests in the joint ventures and associates.

21 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 (iv)	**(11,813)**	–
Non-current total	**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 (iv)	**(222,991)**	(35,657)
Current total	**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.

21 Trade and other receivables (Continued)

(i) Trade receivables (including notes 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 (2020: RMB546.5 million) and trade receivables from the third parties was amounted to approximately RMB1,001.4 million (2020: RMB537.0 million), respectively. The ageing analysis of trade receivables (including notes 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.

(iii) Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value. For the non-current receivables, the variance between the fair values and their carrying amounts are immaterial.

(iv) Impairment and risk exposure

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9. For the year ended 31 December 2021, out of total provision of approximately RMB223 million (2020: approximately RMB36 million) for trade and other receivables in current portion, a provision of approximately RMB205 million (2020: approximately RMB33 million) was made against the gross amounts of trade receivables (including notes receivables). Note 3.1(b) provides for details about the calculation of the allowance.

Other receivables from third parties are all considered to have low credit risk and the loss allowance recognised during the year was therefore limited to 12 months expected losses.

Other receivables from related parties including refundable deposits for car park agency services are considered to have a significant increase in credit risk since initial recognition and loss allowance recognised during the year was applied to use lifetime ECL at stage 2 in 2021. For the year ended 31 December 2021, a provision of RMB24.5 million (2020: Nil) was made against the gross amounts of other receivables. Note 3.1(b) provides for details about the calculation of the allowance.

Information about the Group's exposure to credit risk can be found in note 3.1.

22 Prepayments

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Non-current –		
Prepayments for property, plant and equipment and intangible assets	**36,071**	9,369
Current –		
Prepayments for utilities	**6,925**	8,253
Prepayments for short-term rental fees	**7,775**	9,573
Others	**28,714**	18,716
	43,414	36,542

As at 31 December 2021 and 2020, the carrying amounts of the Group's prepayments were all denominated in RMB.

23 Cash and cash equivalents and bank deposits with the maturity over three months

Cash on hand and demand deposit:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
RMB	**5,232,087**	9,367,595
HKD	**72,148**	991
USD	**4**	16
	5,304,239	9,368,602

Bank deposits with the maturity over three months:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
RMB	**60,000**	—

The conversion of RMB denominated balances into foreign currencies, and the remittance of foreign currencies-denominated bank balances and cash out of the PRC are subject to restrictive foreign exchange control rules and regulations.

The Group earns interest on cash at bank and securities company, at floating current interest rates and there was no bank overdraft in the Group.

Bank deposits with the maturity over three months include eight-month bank deposits with principal of RMB30 million and nine-month bank deposits with principal of RMB30 million, which are interest-bearing on the fixed interest rate of 4.2% per annum and 4.3% per annum, respectively. The principal and interest will be collected at the maturity date.

24 Financial assets at fair value through profit or loss

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Non-current –		
Investment in an unlisted entity (i)	**478,201**	390,500
Current –		
Wealth management products (ii)	**378,295**	200,829

(i) As at 31 December 2021, the Group held 22.68% shareholdings in an unlisted investee company which engaged in the provision of property management services. Management has assessed the level of influence that the Group exercised on this investment. Considering the Group has preferential in distribution and redemption rights on this investment, it has been classified as financial assets at fair value through profit and loss.

(ii) As at 31 December 2021, wealth management products represented the investment in certain non-principal guaranteed RMB denominated wealth management products, which had no fixed maturity date and had an expected interest rate from 3.8% to 4.8% per annum, and it can be redeemed at any time.

(iii) Amounts recognised in profit or loss

During the year, the following gains were recognised in profit or loss:

	For the year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Fair value gains and interest income on wealth management products recognised in other gains – net (note 10)	**103,543**	15,534

For information about the methods and assumptions used in determining the fair value of financial assets at FVPL, please refer to note 3.3.

25 Share capital

	Number of ordinary shares	Share capital HK$	US$	Equivalent to RMB'000
Authorised:				
At 31 December 2020 and 2021, HK$0.01 per share	10,000,000,000	100,000,000	—	
Issued and fully paid:				
As at 31 December 2020	3,103,500,000	31,035,000	—	26,035
Deregistration of repurchased shares (i)	(18,764,000)	(187,640)	—	(154)
As at 31 December 2021	**3,084,736,000**	**30,847,360**	**—**	**25,881**

(i) During the year ended 31 December 2021, the Company repurchased 23,764,000 shares at the cost of HKD323.12 million (equivalent to approximately RMB269.67 million) and deregistered 18,764,000 shares.The excess amount over the par value of HKD279.59 million (equivalent to RMB234.08 million) was debited to share premium (note 27).

26 Share-based payments

SHARE AWARD SCHEME

On 11 June 2021, the sole Director of Sunac Shine (PTC) Limited ("Sunac Shine"), a wholly owned subsidiary of Sunac China, resolved to adopt a share award scheme ("Share Award Scheme") in order to recognise the contributions to the Group by certain eligible employees and to give incentives to retain them for the continuing development of the Group.

Pursuant to the rules relating to the Share Award Scheme, Sunac China appointed Sunac Shine as the trustee of the trust and Sunac Shine will hold such shares on behalf of the relevant selected employees on trust, until such shares are vested and transferred onto the relevant selected employees in accordance with the scheme rules.

As the date of 11 June 2021, Sunac Shine holds 462,000,000 shares on trust for the Share Award Scheme, representing 14.89% of the issued shares of the Company.

Share Award Scheme is effective for ten years from the date of the first grant of any award.

26 Share-based payments (Continued)

SHARE AWARD SCHEME (CONTINUED)

For the year ended 31 December 2021, 6,475,000 shares in connection with the Share Award Scheme have been granted to the eligible employees of the Group for no cash consideration. 25% of these shares vest immediately at grant date, 25% of these shares vest after 6 months from the grant date, 25% of these shares vest after 18 months from the grant date and remaining 25% of shares vest after 30 months from the grant date. The eligible employees do not receive any dividends and are not entitled to vote in relation to the shares till after 6 months from the vesting date (the "Waiting Period").

The fair value of the rights at grant date was estimated by taking the market price of the Company's shares on that date less the present value of expected dividends that will not be received by the eligible employees on their rights during the Waiting Period.

The following table shows the shares granted to the Group and outstanding at the beginning and end of the reporting period:

	Number of awarded shares	
	2021	2020
As at 1 January	**—**	—
Granted during the year	**6,475,000**	—
Vested during the year	**(1,618,750)**	—
Forfeited during the year	**(72,750)**	—
As at 31 December	**4,783,500**	—
Weighted average remaining contractual life of the deferred shares outstanding at end of period	**1.75**	—

The total expense recognised in the profit or loss for the Share Award Scheme granted to employees for the year ended 31 December 2021 was RMB33.69 million.

27 Reserves and treasury shares

	Treasury shares RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Other reserves RMB'000	Total RMB'000
Balance at 1 January 2020	—	—	61,482	122,760	184,242
Capital contribution from the owners of the Company	—	1,226,256	—	—	1,226,256
Effect of group reorganisation in respect of acquisition of a fellow subsidiary	—	—	—	(10,000)	(10,000)
Dividends to then shareholders of Chengdu Global Century before acquisition	—	—	—	(101,076)	(101,076)
Effect of group reorganisation in respect of acquisition of Chengdu Global Century	—	—	—	1,508	1,508
Transaction with non-controlling interests	—	—	—	(3,351)	(3,351)
Capitalisation of loans from a fellow subsidiary	—	—	—	10,000	10,000
Capitalisation issue	—	(19,299)	—	—	(19,299)
Global initial public offering	—	6,602,867	—	—	6,602,867
Exercise of over-allotment option	—	982,875	—	—	982,875
Appropriation of statutory reserve (a)	—	—	36,918	—	36,918
Balance at 31 December 2020	—	8,792,699	98,400	19,841	8,910,940
Balance at 1 January 2021	**—**	**8,792,699**	**98,400**	**19,841**	**8,910,940**
Acquisition of subsidiaries (note 33)	**—**	**—**	**—**	**(182,500)**	**(182,500)**
Transaction with non-controlling interests	**—**	**—**	**—**	**(9)**	**(9)**
Dividends relating to 2020 (note 30)	**—**	**(180,003)**	**—**	**—**	**(180,003)**
Repurchase of shares	**(269,665)**	**—**	**—**	**—**	**(269,665)**
Deregistration of repurchased shares (note 25(i))	**234,230**	**(234,076)**	**—**	**—**	**154**
Effect of business combination under common control in respect of acquisition of Rongle Times Group (note 2.2)	**—**	**—**	**—**	**(1,795,000)**	**(1,795,000)**
Share award scheme-value of employee services (note 26)	**—**	**—**	**—**	**33,689**	**33,689**
Appropriation of statutory reserve (a)	**—**	**—**	**58,607**	**—**	**58,607**
Balance at 31 December 2021	**(35,435)**	**8,378,620**	**157,007**	**(1,923,979)**	**6,576,213**

27 Reserves and treasury shares (Continued)

(a) In accordance with relevant rules and regulations in the PRC, all PRC companies are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses carried forward from previous years or to increase capital of the respective companies.

The PRC entities of the Group directly owned by the Group's entities outside the PRC are required, in accordance with relevant rules and regulations concerning foreign investment enterprise established in the PRC and the Articles of Association of these companies, to make appropriations from net profit to the reserve fund and staff and workers' bonus and welfare fund, after offsetting accumulated losses from prior years, and before profit distributions are made to investors. The percentage of profits to be appropriated to the above funds is solely determined by the board of directors of the PRC entities now comprising the Group. The appropriation of the statutory reserve ceases when the accumulated statutory reserve balance reaches 50% of their registered capital.

28 Trade and other payables

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Non-current –		
Consideration payable for acquisition of NCPM	**—**	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
Deposit payables	**349,842**	235,297
Consideration payables for acquisition transactions	**186,624**	226,165
Consideration payable arising from non-controlling shareholders' put option (note 33(a))	**182,500**	—
Other taxes 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.

28 Trade and other payables (Continued)

(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 year	**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 deposit payables which are unsecured and interest free.

29 Deferred income tax

(a) DEFERRED TAX ASSETS

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Deferred income tax assets (hereafter "DTA"):		
– to be recovered within 12 months	**51,527**	19,243
– to be recovered over 12 months	**35,953**	18,511
Net DTA	**87,480**	37,754

29 Deferred income tax (Continued)

(a) DEFERRED TAX ASSETS (CONTINUED)

The movement on DTA during the year, without taking into consideration of offsetting of balance within the same tax jurisdiction, is as follows:

	Impairment provision RMB'000	Tax losses RMB'000	Accrued expense and others RMB'000	Total RMB'000
At 1 January 2020	3,108	11,629	6,961	21,698
Acquisition of subsidiaries (note 33(b))	4,053	—	8,412	12,465
Credited/(charged) to profit or loss	3,255	(1,216)	1,552	3,591
At 31 December 2020, as restated	10,416	10,413	16,925	37,754
Credited/(charged) to profit or loss	48,631	(1,199)	2,294	49,726
At 31 December 2021	**59,047**	**9,214**	**19,219**	**87,480**

(b) DEFERRED TAX LIABILITIES

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Deferred income tax liabilities (hereafter "DTL"):		
– to be recovered within 12 months	**36,238**	10,085
– to be recovered over 12 months	**124,838**	71,171
Net DTL	**161,076**	81,256

29 Deferred income tax (Continued)

(b) DEFERRED TAX LIABILITIES (CONTINUED)

The movement on DTL during the year, without taking into consideration of offsetting of balance within the same tax jurisdiction, is as follows:

	Fair value surplus at acquisitions RMB'000	Fair value change RMB'000	Dividend tax for PRC entities' distributable profits RMB'000	Others RMB'000	Total RMB'000
At 1 January 2020	5,334	—	—	1,257	6,591
(Credited)/charged to profit or loss	(6,134)	1,418	18,833	(168)	13,949
Acquisition of subsidiaries	60,716	—	—	—	60,716
At 31 December 2020	59,916	1,418	18,833	1,089	81,256
(Credited)/charged to profit or loss	(10,836)	21,056	40,080	2,388	52,688
Acquisition of subsidiaries (note 33(b))	27,132	—	—	—	27,132
At 31 December 2021	**76,212**	**22,474**	**58,913**	**3,477**	**161,076**

30 Dividends

The dividends paid in 2021 and 2020 were RMB180.0 million (RMB0.058 per share) and nil, respectively.

A dividend in respect of the year ended 31 December 2021 of RMB0.124 per share, amounting to 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 31 December	
	2021	2020
	RMB'000	RMB'000
Proposed final dividend of RMB0.124 (2020: RMB0.058) per ordinary share	**381,726**	180,003

31 Cash flow information

(a) CASH GENERATED FROM OPERATIONS

	Note	Year ended 31 December 2021 RMB'000	2020 RMB'000 (Restated)
Profit before income tax		**1,784,975**	816,816
Adjustments for:			
Finance costs		**7,016**	2,096
Interest income	9,11	**(13,346)**	(20,705)
Fair value gains and interest income from financial assets at FVPL	10	**(103,543)**	(15,534)
Exchange losses, net		**26,408**	4,097
Amortisation of intangible assets and depreciation of property, plant and equipment and right-of-use assets	7	**129,321**	82,215
Disposal gains of right-of-use assets in the sublease	10	**(17,246)**	—
Net impairment losses on financial assets	7	**195,512**	14,954
Share of profits of associates and joint ventures	20	**(10,501)**	(8,572)
Net losses on disposal of property, plant and equipment and intangible assets		**1,009**	1,671
Changes in working capital			
Restricted cash		**(4,171)**	(6,261)
Bank deposits		**(60,000)**	—
Inventories		**(16,000)**	48,720
Trade and other receivables		**(2,964,995)**	(452,867)
Prepayments		**(4,296)**	(19,008)
Trade and other payables		**556,640**	409,347
Contract liabilities		**359,276**	298,681
Cash (used in)/generated from operations		**(133,941)**	1,155,650

(b) NON-CASH INVESTING AND FINANCING ACTIVITIES

The non-cash investing and financing activities of the Group mainly included acquisition and disposal of right-of-use assets which was disclosed in note 16 and shares granted to employees under the Share Award Scheme for no cash consideration in note 27.

31 Cash flow information (Continued)

(c) NET DEBT RECONCILIATION

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	Note	As at December 31 **2021** **RMB'000**	 2020 RMB'000 (Restated)
Cash and cash equivalents	23	**5,304,239**	9,368,602
Lease liabilities (fixed interest rates)	16	**(120,937)**	(41,252)
Net debt		**5,183,302**	9,327,350

	Other assets Cash RMB'000	Liabilities from financing activities Leases liabilities RMB'000	Total RMB'000
Net debt as at 1 January 2020	1,090,197	(35,031)	1,055,166
Cash flows	8,223,823	25,666	8,249,489
Acquisition of subsidiaries	58,679	(19,691)	38,988
Acquisition – leases	—	(12,900)	(12,900)
Disposal – leases	—	704	704
Foreign exchange adjustments	(4,097)	—	(4,097)
Net debt as at 31 December 2020, as restated	9,368,602	(41,252)	9,327,350
Cash flows	**(4,056,665)**	**36,393**	**(4,020,272)**
Acquisition of subsidiaries (note 33(b))	**18,710**	**—**	**18,710**
Acquisition – leases	**—**	**(118,240)**	**(118,240)**
Disposal – leases	**—**	**2,162**	**2,162**
Foreign exchange adjustments	**(26,408)**	**—**	**(26,408)**
Net debt as at 31 December 2021	**5,304,239**	**(120,937)**	**5,183,302**

32 Commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities and minimum lease payments under non-cancellable leases (short-term or low-value lease) are as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Capital Commitments		
– No later than 1 year	**26,201**	19,588
– Later than 1 year and no later than 5 years	**785**	356
	26,986	19,944
Lease Commitments		
– No later than 1 year	**12,608**	6,976
– Later than 1 year and no later than 5 years	**1,826**	835
	14,434	7,811

33 Business combination

(a) ACQUISITION OF SUBSIDIARIES

During the year ended 31 December 2021, the major acquisitions of new subsidiaries are summarised as follows:

	Zhangtai Services RMB'000 (note (i))	**Others RMB'000 (note (ii))**	**Total RMB'000**
Consideration for acquisition of cash payment	730,000	53,000	783,000
Less: Net fair value of identifiable assets acquired and liabilities assumed	(135,387)	19,707	(115,680)
Goodwill from acquisition of new subsidiaries	594,613	72,707	667,320

Note:

(i) *Acquisition of Zhangtai Services*

In May 2021, Sunac Services Investment II Limited, a wholly-owned subsidiary of the Company, entered into an acquisition agreement with Taixing Holdings Limited as vendor and Taitao Holdings Limited, which are the original shareholders of Zhangtai Services, to acquire 80% equity interest of Zhangtai Services at a total consideration of RMB730.0 million (the "Consideration"). Upon completion of the transaction, Zhangtai Services became an 80% owned subsidiary of the Group.

33 Business combination (Continued)

(a) ACQUISITION OF SUBSIDIARIES (CONTINUED)

Note: *(Continued)*

(i) *Acquisition of Zhangtai Services (Continued)*

Zhangtai Services is a company incorporated in the Cayman Islands with limited liability and is an investment holding company. Zhangtai Services indirectly holds 100% equity interest in Guangxi Zhangtai Property Services Group Co., Ltd., which is a comprehensive property management services provider in Guangxi Zhuang Autonomous Region.

In addition, the acquisition agreement also stipulates that the original shareholders of Zhangtai Services were guaranteed a put option under which they may elect to sell their remaining 20% equity interest in Zhangtai Services to the Group after the date of completion of acquisition. The consideration for the transfer of the remaining equity interest shall be the Consideration/80%*20% plus an annualised interest of 10% minus distributed profit (if any) and the corresponding interest. A financial liability being the present value of the redemption amount for the acquisition of the remaining equity interest upon the exercise of the put option is recognised and included in other payables. The initial amount of the put opinion is valued at RMB182.5 million. If the put option is exercised, the Group would control 100% of equity interest in Zhangtai Services.

(ii) *Acquisition of other companies*

During the year ended 31 December 2021, the Company acquired equity interest of several property management companies from third parties, at a total consideration of RMB53.0 million. Upon completion of these transactions, these entities became subsidiaries of the Company.

Goodwill of RMB667.32 million was generated from above acquisitions and was determined at the acquisition date, being the difference between the purchase consideration and the fair value of net identifiable assets of acquirees.

A valuation was performed by an independent valuer to determine the fair value of the identified assets, including investment properties, brands and customer relationships. The valuation techniques mainly include the income capitalisation method, the relief-from-royalty method and the multi-period excess earnings method. The key assumptions in determining the fair value of assets acquired included revenue growth rate, market rental price, profit margin, capitalisation rate and discount rate.

33 Business combination (Continued)

(b) The fair value of the identifiable assets and liabilities and cash and cash equivalent impact arising from the acquisition of subsidiaries in the above transactions are summarised as follows:

	Zhangtai Services RMB'000	Others RMB'000	Total RMB'000
(1) Fair value of identifiable net assets			
Non-current assets			
Property, plant and equipment	784	788	1,572
Investment property	47,920	—	47,920
Intangible assets	143,005	23,000	166,005
Current assets			
Inventories	807	256	1,063
Trade receivables	51,867	4,753	56,620
Prepayments, deposits and other receivables	233,103	25,585	258,688
Cash and cash equivalents	15,597	3,113	18,710
Financial assets at fair value through profit or loss	26,210	—	26,210
Non-current liabilities			
Deferred income tax liabilities	21,382	5,750	27,132
Current liabilities			
Trade and other payables	258,924	36,275	295,199
Contract liabilities	67,963	11,727	79,690
Borrowing	—	16,900	16,900
Current income tax liabilities	—	2,129	2,129
Net assets/(liabilities)	171,024	(15,286)	155,738
Less: Non-controlling interests	(35,637)	(4,421)	(40,058)
Fair value of the net assets/(liabilities) acquired	135,387	(19,707)	115,680
(2) Cash impact			
Considerations settled by cash in current period	(730,000)	(25,236)	(755,236)
Cash and cash equivalents in the subsidiaries acquired	15,597	3,113	18,710
Net cash impact on acquisitions	(714,403)	(22,123)	(736,526)

33 Business combination (Continued)

(c) The amounts of revenue and profit of subsidiaries since the acquisition date were included in the consolidated statement of comprehensive income for the year ended 31 December 2021 are summarised as follows:

	Zhangtai Services RMB'000	Others RMB'000	Total RMB'000
Revenue	287,683	57,296	344,979
Net profit	90,425	12,654	103,079

If the acquisition had occurred on 1 January 2021, consolidated pro-forma revenue and net profit for the year ended 31 December 2021 would have been RMB8,038.74 million and RMB1,390.51 million respectively.

These amounts have been calculated using the subsidiary's results and adjusting them for:

- differences in the accounting policies between the Group and the subsidiary, and
- the additional amortisation that would have been charged assuming the fair value adjustments to intangible assets had applied from 1 January 2021, together with the consequential tax effects.

34 Related party transactions

(a) NAME AND RELATIONSHIP WITH RELATED PARTIES

Name	Relationship with the Company
Sunac China	Ultimate holding company
Mr. Sun Hongbin	Ultimate controlling party of the Company

(b) TRANSACTIONS WITH RELATED PARTIES

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the Group had the following significant transactions entered into the ordinary course of business between the Group and the related parties:

34 Related party transactions (Continued)

(b) TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

(i) Rendering of services and interest income

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Revenue from provision of property management services and value-added services		
– Fellow subsidiaries	**2,263,984**	1,275,756
– Associates and joint ventures of Sunac China	**1,055,632**	738,564
	3,319,616	2,014,320
Interest income from loans to a related party		
– A fellow subsidiary	**—**	17,629

(ii) Other expenses

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Shared service fees charged from a fellow subsidiary	**9,112**	4,310
Car park and building lease expenses to fellow subsidiaries	**15,277**	5,319

(iii) Proceeds received for loan repayment from/(loan to) a related party

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Proceeds received for loan repayment from a fellow subsidiary	**—**	400,000
Loan to a fellow subsidiary	**—**	(400,000)

The prices for the above service fees and other transactions were determined in accordance with the terms mutually agreed by the contract parties.

34 Related party transactions (Continued)

(c) BALANCES WITH RELATED PARTIES

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Trade receivables		
– Fellow subsidiaries	**2,351,602**	387,495
– Associates and joint ventures of Sunac China	**684,054**	159,018
	3,035,656	546,513
Other receivables (i)		
– Fellow subsidiaries	**322,500**	145,248
– Associates and joint ventures of Sunac China	**59,371**	67,133
	381,871	212,381
Trade and other receivables	**3,417,527**	758,894

(i) Other receivables from related parties mainly included present values of the refundable deposits amounting to RMB314.02 million, in respect of Car Park Agency Agreements signed with Sunac China Group where the Group provides sales agency services commencing. Note 2.10(v) provides for details about the Car Park Agency Agreements and the calculation method of the present values of refundable deposits.

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Trade and other payables		
– Fellow subsidiaries	**54,350**	54,126
– Associates and joint ventures of Sunac China	**13,378**	40,811
	67,728	94,937
Contract liabilities		
– Fellow subsidiaries	**55,526**	44,608
– Associates and joint ventures of Sunac China	**37,193**	16,457
	92,719	61,065

34 Related party transactions (Continued)

(d) KEY MANAGEMENT COMPENSATION

Compensations for key management are set out below.

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Wages and salaries	**10,952**	3,449
Discretionary bonuses	**3,358**	3,631
Social insurance expenses, housing benefits and other employee benefits	**513**	231
Share award scheme	**10,630**	—
	25,453	7,311

35 Balance sheet and reserve movement of the Company

	Note	As at 31 December 2021 RMB'000	2020 RMB'000
ASSETS			
Non-current assets			
Interests in subsidiaries		**5,211,161**	4,481,161
Current assets			
Cash and cash equivalents		**3,138,631**	4,331,929
Other receivables		**237**	295
		67	—
		3,138,935	4,332,224
Total assets		**8,350,096**	8,813,385
EQUITY AND LIABILITIES			
Equity attributable to the owners of the Company			
Share capital		**25,881**	26,035
Treasury shares	(a)	**(35,435)**	—
Reserves	(a)	**8,428,620**	8,842,699
Accumulated losses	(a)	**(68,970)**	(55,350)
Total equity		**8,350,096**	8,813,384
Liabilities			
Current liabilities			
Trade and other payables		**—**	1
Total equity and liabilities		**8,350,096**	8,813,385

Wang Mengde
Director

Cao Hongling
Director

35 Balance sheet and reserve movement of the Company (Continued)

(a) RESERVES AND TREASURY SHARES MOVEMENT OF THE COMPANY

	Treasury shares RMB'000	Share premium RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2020	—	—	50,000	(51)	49,949
Loss for the year	—	—	—	(55,299)	(55,299)
Capital contribution from the owners of the Company	—	1,226,256	—	—	1,226,256
Capitalisation issue	—	(19,299)	—	—	(19,299)
Global initial public offering	—	6,602,867	—	—	6,602,867
Exercise of over-allotment option	—	982,875	—	—	982,875
Balance at 31 December 2020	—	8,792,699	50,000	(55,350)	8,787,349
Balance at 1 January 2021	**—**	**8,792,699**	**50,000**	**(55,350)**	**8,787,349**
Loss for the year	**—**	**—**	**—**	**(13,620)**	**(13,620)**
Dividends relating to 2020	**—**	**(180,003)**	**—**	**—**	**(180,003)**
Repurchase of shares	**(269,665)**	**—**	**—**	**—**	**(269,665)**
Deregistration of repurchased shares	**234,230**	**(234,076)**	**—**	**—**	**154**
Balance at 31 December 2021	**(35,435)**	**8,378,620**	**50,000**	**(68,970)**	**8,324,215**

36 Directors' benefits and interests

Until 31 December 2021, the following directors and senior managements were appointed:

Executive Directors
Ms. Cao Hongling (appointed since the date of 10 January 2019)
Ms. Yang Man (appointed since the date of 4 August 2020)
Mr. Xie Jianjun (appointed since the date of 11 June 2021)
Mr. Chen Bin (resigned since the date of 11 June 2021)

Non-executive Directors
Mr. Wang Mengde, Chairman (appointed since the date of 4 August 2020)
Mr. Gao Xi (appointed since the date of 4 August 2020)
Mr. Lu Peng (appointed since the date of 7 November 2021)

Independent Non-executive Directors
Ms. Wang Lihong (appointed since the date of 28 October 2020)
Mr. Yao Ning (appointed since the date of 28 October 2020)
Mr. Zhao Zhonghua (appointed since the date of 28 October 2020)

36 Directors' benefits and interests (Continued)

The directors received emoluments from the Group (in their role as senior management and employee before their appointment as directors respectively) are set out below:

Name	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Employer's contribution retirement benefit scheme and other benefits RMB'000	Share awards RMB'000
Year ended 31 December 2021:					
Executive Directors					
Cao Hongling	—	5,715	—	130	5,723
Yang Man	—	1,079	928	109	2,341
Xie Jianjun (appointed on 11 June 2021)	—	1,140	960	67	416
Chen Bin (resigned on 11 June 2021)	—	421	970	64	—
Non-executive Directors					
Wang Mengde (i)	—	—	—	—	—
Gao Xi (i)	—	—	—	—	—
Lu Peng (i)	—	—	—	—	—
Independent Non-executive Directors					
Ms. Wang Lihong	200	—	—	—	—
Mr. Yao Ning	200	—	—	—	—
Mr. Zhao Zhonghua	200	—	—	—	—
	600	8,355	2,858	370	8,480
Year ended 31 December 2020:					
Executive Directors					
Cao Hongling (ii)	—	—	—	—	—
Yang Man	—	831	956	59	—
Chen Bin	—	1,031	880	78	—
Non-executive Directors					
Wang Mengde (i)	—	—	—	—	—
Gao Xi (i)	—	—	—	—	—
Independent Non-executive Directors					
Ms. Wang Lihong	24	—	—	—	—
Mr. Yao Ning	24	—	—	—	—
Mr. Zhao Zhonghua	24	—	—	—	—
	72	1,862	1,836	137	—

36 Directors' benefits and interests (Continued)

(i) In 2021 and 2020, Mr. Wang Mengde, Mr. Lu Peng and Mr. Gao Xi , non-executive directors, did not receive any emoluments from the Group. Pursuant to the non-executive director appointment letter entered into between each of Mr. Wang Mengde, Mr. Lu Peng and Mr. Gao Xi and the Company, they would not receive any emolument from the Company.

(ii) The emoluments of Ms. Cao Hongling, executive director, in relation to her services rendered for the Group for the year of 2020 were borne by Sunac China since there is no reasonable basis of allocation.

During the years ended 31 December 2021 and 2020, there were no additional retirement benefit and termination benefits received by the directors. No consideration was paid for making available the services of the directors or senior management of the Company.

There were no loans, quasi-loans or other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favour of directors during the reporting period.

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had interests, whether directly or indirectly, subsisted at 31 December 2021 and 2020 or at any time during the years ended 31 December 2021 and 2020.

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