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SUNAC SERVICES HOLDINGS LIMITED

融創服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01516)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

RESULTS HIGHLIGHTS

For the year ended 31 December 2024:

- The revenue of the Group was approximately RMB6,970 million, basically the same as last year; the loss attributable to the owners of the Company was approximately RMB451 million, representing a year-on-year increase of approximately 3.71%; the core net profit attributable to the owners of the Company¹ was approximately RMB796 million, basically the same as last year;
- The revenue from non-related parties of the Group was approximately RMB6,802 million, representing a year-on-year increase of approximately 5.63%;

- The total trade receivables from related parties of the Group amounted to approximately RMB3,286 million as of 31 December 2024, representing a decrease of approximately RMB131 million as compared with that as of 31 December 2023; the impairment provision on trade receivables from related parties further made in 2024 was approximately RMB763 million, with the accumulated impairment provision of approximately RMB2,695 million; the balance of trade receivables from related parties after the provision of impairment was approximately RMB591 million, among which approximately RMB181 million was unsecured; and
- The Board proposed to declare a final dividend of RMB14.3 cents per share for the year ended 31 December 2024, totalling approximately RMB437 million, representing approximately 55% of the core net profit attributable to the owners of the Company.

Note:

- ¹ It refers to the core net profit attributable to the owners of the Company, excluding the impairment provision for receivables, share award scheme expenses, unrealised gains and losses on changes in fair value from financial assets at fair value through profit or loss, amortisation expenses of intangible assets (brands, contracts and customer relationships) arising from acquisitions and mergers, gains and losses on changes in fair value of investment properties and goodwill and other intangible assets impairment. On this basis, the core net profit attributable to the owners of the Company for the same period last year amounted to approximately RMB793 million.

The board (the “**Board**”) of directors (the “**Directors**”) of Sunac Services Holdings Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2024 (the “**Year**”) with comparative figures for the year ended 31 December 2023, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

		Year ended 31 December	
	Notes	2024	2023
		RMB'000	RMB'000
Revenue	4	6,969,501	7,009,517
Cost of sales	5	<u>(5,442,228)</u>	<u>(5,341,657)</u>
Gross profit		1,527,273	1,667,860
Administrative expenses	5	(569,593)	(634,272)
Selling and marketing expenses	5	(56,860)	(62,846)
Impairment of goodwill and other intangible assets	9	(74,936)	(479,343)
Net impairment losses on financial assets	5	(1,387,985)	(850,192)
Other income		44,532	68,369
Other losses – net		<u>(86,035)</u>	<u>(122,004)</u>
Operating loss		(603,604)	(412,428)
Finance income		39,505	62,279
Finance costs		<u>(6,197)</u>	<u>(6,761)</u>
Finance income – net		33,308	55,518
Share of post-tax profits of associates and joint ventures accounted for using the equity method, net		<u>(829)</u>	<u>5,319</u>
Loss before income tax		(571,125)	(351,591)
Income tax credits/(expense)	6	<u>137,986</u>	<u>(41,592)</u>
Loss for the year		<u>(433,139)</u>	<u>(393,183)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2024

		Year ended 31 December	
	<i>Notes</i>	2024	2023
		RMB'000	RMB'000
Other comprehensive income for the year		—	—
Total comprehensive loss for the year		(433,139)	(393,183)
Total comprehensive loss attributable to:			
– Owners of the Company		(451,197)	(435,068)
– Non-controlling interests		18,058	41,885
		(433,139)	(393,183)
Loss per share (expressed in RMB per share)			
– Basic loss per share	7	(0.15)	(0.14)
– Diluted loss per share	7	(0.15)	(0.14)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		As at 31 December	
	Notes	2024	2023
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		99,704	100,439
Right-of-use assets		69,217	64,390
Investment properties		50,097	36,427
Intangible assets	9	1,448,495	1,601,256
Deferred tax assets		963,350	648,470
Investments accounted for using the equity method		33,464	56,683
Financial assets at fair value through profit or loss		189,793	294,962
Other receivables	10	149,526	50,758
Prepayments		1,233	3,375
Bank deposits with the maturity over one year		—	50,000
		<u>3,004,879</u>	<u>2,906,760</u>
Current assets			
Inventories		45,573	54,540
Trade and other receivables	10	3,440,652	4,266,886
Prepayments		27,016	31,076
Cash and cash equivalents		4,027,790	3,979,504
Restricted cash		24,563	52,682
Bank deposits with the maturity over three months		15,000	76,003
Financial assets at fair value through profit or loss		1,428	277,378
Other current assets		3,444	—
		<u>7,585,466</u>	<u>8,738,069</u>
Total assets		<u><u>10,590,345</u></u>	<u><u>11,644,829</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2024

		As at 31 December	
	<i>Notes</i>	2024	2023
		RMB'000	RMB'000
EQUITY AND LIABILITIES			
Equity attributable to the owners of the Company			
Share capital		25,645	25,645
Reserves		5,290,650	5,707,086
(Accumulated losses)/retained earnings		(151,163)	302,293
		5,165,132	6,035,024
Non-controlling interests		154,244	202,482
Total equity		5,319,376	6,237,506
LIABILITIES			
Non-current liabilities			
Lease liabilities		98,695	100,003
Deferred tax liabilities		41,064	68,610
		139,759	168,613
Current liabilities			
Lease liabilities		22,105	18,432
Trade and other payables	<i>11</i>	2,841,468	3,036,874
Contract liabilities	<i>4</i>	1,940,878	1,816,461
Current income tax liabilities		326,759	366,943
		5,131,210	5,238,710
Total liabilities		5,270,969	5,407,323
Total equity and liabilities		10,590,345	11,644,829

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 10 January 2019 as an exempted company with limited liability under the Companies Act (Cap.22, Act 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 Group is principally engaged in the property management and operational services, community living services and value-added services to non-property owners 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 ("Sunac China"), being exempted company incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of Stock Exchange.

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

2. BASIS OF PREPARATION

(i) Compliance with Hong Kong Financial Reporting Standards and the disclosure requirement of the Hong Kong Companies Ordinance

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") as issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance ("HKCO") Cap. 622.

HKFRS comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants.

(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 new and amended standards for its annual reporting period commencing 1 January 2024:

Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

Amendments to HKAS 7 and HKFRS 7 – Supplier Finance Arrangements

Amendments to HKFRS 16 – Lease Liability in Sale and Leaseback

Hong Kong Interpretation 5 (Revised) – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

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

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

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2024 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
<i>Amendments to HKAS 21 – Lack of Exchangeability</i>	1 January 2025
<i>Amendments to HKFRS 9 and HKFRS 7 – Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	1 January 2026
<i>HKFRS 18, “Presentation and Disclosure in Financial Statements” and Hong Kong Interpretation 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause</i>	1 January 2027
<i>HKFRS 19, “Subsidiaries without Public Accountability: Disclosures”</i>	1 January 2027

3. SEGMENT INFORMATION

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

During the year ended 31 December 2024, the Group is principally engaged in the property management and operational services, community living services and value-added services to non-property owners in the PRC. Management reviews the operating results of the business by region in the PRC 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 similar 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 2024.

As at 31 December 2024 and 2023, nearly 100% of the non-current assets of the Group were located in the PRC.

4. REVENUE OF SERVICES

Revenue mainly comprises of proceeds from property management and operational services, community living services and value-added services to non-property owners. An analysis of the Group's revenue by category for the years ended 31 December 2024 and 2023 was as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
<i>Recognised over time</i>		
– Property management and operational services	6,379,627	6,158,647
– Community living services	199,937	221,110
– Value-added services to non-property owners	139,587	355,454
	6,719,151	6,735,211
<i>Recognised at a point in time</i>		
– Community living services	243,037	252,666
– Value-added services to non-property owners	7,313	21,640
	250,350	274,306
	6,969,501	7,009,517

Contract liabilities

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

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Contract liabilities		
– Third parties	1,935,867	1,809,990
– Related parties	5,011	6,471
	<u>1,940,878</u>	<u>1,816,461</u>

5. EXPENSES BY NATURE

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

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Employee benefit expenses	2,739,078	2,726,407
Security, maintenance, cleaning and greening costs	2,306,516	2,255,949
Net impairment losses on financial assets	1,387,985	850,192
Utilities	351,055	339,430
Depreciation and amortisation	154,686	173,429
Consumable materials cost	113,041	108,523
Travelling and entertainment expenses	82,911	85,674
Office and communication expenses	48,532	58,021
Professional fees	47,765	40,667
Cost of goods sold	44,634	46,277
Taxes and surcharges	29,451	29,708
Rental expenses for short-term leases and low-value assets	23,341	34,686
Auditors' remuneration		
– Audit services	3,850	3,850
– Non-audit services	–	–
Others	123,821	136,154
	<u>7,456,666</u>	<u>6,888,967</u>

6. INCOME TAX (CREDITS)/EXPENSE

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax	204,440	299,973
Deferred income tax	<u>(342,426)</u>	<u>(258,381)</u>
	<u>(137,986)</u>	<u>41,592</u>

7. LOSS PER SHARE

The basic loss per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the Year.

The Company did not have any potential ordinary shares outstanding to be issued during the years ended 31 December 2024 and 2023. Diluted loss per share is equal to basic loss per share.

	Year ended 31 December	
	2024	2023
Loss attributable to the owners of the Company (RMB'000)	<u>(451,197)</u>	<u>(435,068)</u>
Weighted average number of ordinary shares in issue	<u>3,056,844,000</u>	<u>3,056,844,000</u>
Basic loss per share for loss attributable to the owners of the Company during the year (expressed in RMB per share)	<u>(0.15)</u>	<u>(0.14)</u>

8. DIVIDENDS

The dividends paid in 2024 and 2023 were approximately RMB448.21 million (RMB0.143 per share) and RMB1,098.61 million (RMB0.137 and HKD0.235 per share), respectively.

A dividend in respect of the year ended 31 December 2024 of RMB0.143 per share, amounting to approximately RMB437.13 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	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Special dividend of HKD nil (2023: HKD0.235) per ordinary share	–	671,594
Proposed final dividend of RMB0.143 (2023: RMB0.143) per ordinary share	<u>437,129</u>	<u>437,129</u>

9. INTANGIBLE ASSETS

	Goodwill <i>RMB'000</i> <i>(note (a))</i>	Customer relationships <i>RMB'000</i>	Software and others <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2023				
Cost	1,687,536	410,374	236,512	2,334,422
Accumulated amortisation	—	(142,430)	(89,566)	(231,996)
As at 1 January 2023	<u>1,687,536</u>	<u>267,944</u>	<u>146,946</u>	<u>2,102,426</u>
Year ended 31 December 2023				
Opening net book amount	1,687,536	267,944	146,946	2,102,426
Additions	—	—	84,710	84,710
Amortisation	—	(54,061)	(52,476)	(106,537)
Impairment	(472,690)	—	(6,653)	(479,343)
Closing net book amount	<u>1,214,846</u>	<u>213,883</u>	<u>172,527</u>	<u>1,601,256</u>
As at 31 December 2023				
Cost	1,687,536	410,374	321,222	2,419,132
Accumulated amortisation	—	(196,491)	(142,042)	(338,533)
Accumulated impairment	(472,690)	—	(6,653)	(479,343)
As at 31 December 2023	<u>1,214,846</u>	<u>213,883</u>	<u>172,527</u>	<u>1,601,256</u>
Year ended 31 December 2024				
Opening net book amount	1,214,846	213,883	172,527	1,601,256
Additions	—	—	23,407	23,407
Disposals	—	—	(1,249)	(1,249)
Amortisation	—	(53,432)	(46,551)	(99,983)
Impairment	(74,704)	—	(232)	(74,936)
Closing net book amount	<u>1,140,142</u>	<u>160,451</u>	<u>147,902</u>	<u>1,448,495</u>
As at 31 December 2024				
Cost	1,687,536	410,374	343,380	2,441,290
Accumulated amortisation	—	(249,923)	(188,593)	(438,516)
Accumulated impairment	(547,394)	—	(6,885)	(554,279)
As at 31 December 2024	<u>1,140,142</u>	<u>160,451</u>	<u>147,902</u>	<u>1,448,495</u>

(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 (net book amount) of the Group was allocated to the following CGUs:

	As at 31 December	
	2024	2023
	RMB’000	RMB’000
Zhejiang New Century Property Management Co., Ltd. (“NCPM”)	547,526	547,526
Zhangtai Services Group Co., Ltd. (the “Zhangtai Services”)	519,909	594,613
Others	72,707	72,707
	1,140,142	1,214,846

Management reviews the business performance and monitors the goodwill on individual CGU or group of CGUs basis as at 31 December 2024. Management of the Company has engaged an independent qualified valuer to assist them in the value-in-use calculations. The recoverable amounts of these CGUs are determined based on value-in-use calculations and the following table sets forth the key assumptions, on which management has based its cash flow projections to undertake impairment testing of goodwill:

Assumption

	As at 31 December			
	2024		2023	
	NCPM	Zhangtai Services	NCPM	Zhangtai Services
Annual revenue growth rate	-3.97%-3.51%	0.11%-2.98%	-9.37%-3.39%	2.25%-15.41%
Profit margin	6.88%-10.29%	12.76%-14.51%	6.90%-8.72%	13.21%-13.70%
Terminal growth rate	2.00%	2.00%	2.00%	2.00%
Pre-tax discount rate	18.60%	17.16%	20.00%	18.22%

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 operates.
Pre-tax discount rate	Reflect specific risks relating to the relevant industry and the region in which they operate.

As at 31 December 2024, according to the management's estimation of the recoverable amount of Zhangtai Services with the assistance of an independent valuer, which was calculated based on its value-in-use, impairment of goodwill attributable to the Group of approximately RMB74.70 million, was recognised for Zhangtai Services, resulting in a reduction in the carrying amount of the goodwill of Zhangtai Services to approximately RMB519.91 million.

During the year ended 31 December 2024, as the speed of project expansion and profit margin were less than expected and management also expected that new property management services of Zhangtai Services would not be increased than expected before and the continuous increase in service costs, leading to a decrease of value-in-use of Zhangtai Services as at 31 December 2024.

As at 31 December 2024, the recoverable amount of approximately RMB724.50 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 approximately RMB44.52 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 2024:

	NCPM Year ended 31 December 2024	
	Key assumptions	Breakeven point
Annual revenue growth rate	-3.97%-3.51%	-5.53%-2.14%
Profit margin	6.88%-10.29%	6.45%-9.65%
Terminal growth rate	2.00%	0.59%
Pre-tax discount rate	18.60%	19.60%

10. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Non-current –		
Other receivables (ii)	244,587	53,223
Less: loss allowance	(95,061)	(2,465)
Non-current total	<u>149,526</u>	<u>50,758</u>
Current –		
Trade receivables (i)	6,488,168	5,909,312
Other receivables (ii)	812,247	971,836
	7,300,415	6,881,148
Less: loss allowance	(3,859,763)	(2,614,262)
Current total	<u>3,440,652</u>	<u>4,266,886</u>

As at 31 December 2024 and 2023, the carrying amounts of the Group's trade and other receivables were all denominated in RMB.

- (i) Trade receivables mainly arise from rendering of property management services managed under lump sum basis, operational services and value-added services. Revenue from property management and operational services, community living services and value-added services to non-property owners are due for payment upon rendering of service. As at 31 December 2024, the Group's trade receivables from related parties was amounted to approximately RMB3,286.29 million (2023: RMB3,416.82 million) and trade receivables from the third parties was amounted to approximately RMB3,201.88 million (2023: RMB2,492.50 million), respectively. The ageing analysis of trade receivables based on dates of rendering of services is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within 1 year	1,876,616	1,816,692
1 to 2 years	937,925	1,410,901
2 to 3 years	1,157,518	2,427,805
3 to 4 years	2,284,951	194,944
4 to 5 years	174,592	27,200
Over 5 years	56,566	31,770
	<u>6,488,168</u>	<u>5,909,312</u>

- (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. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

11. TRADE AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Current –		
Trade payables (i)	1,141,964	1,150,782
Temporary receipt on behalf (ii)	402,015	427,825
Payroll and welfare payables	349,250	414,026
Deposit payables	353,986	382,003
Consideration payable arising from non-controlling shareholders' put option	218,296	237,200
Other taxes payable	166,943	166,945
Amounts due to related parties (iii)	62,143	71,053
Accruals and others	146,871	187,040
	<u>2,841,468</u>	<u>3,036,874</u>

As at 31 December 2024 and 2023, trade and other payables were denominated in RMB and the carrying amounts approximated their fair values.

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

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	934,962	873,632
1 to 2 years	51,189	193,832
2 to 3 years	110,390	77,916
Over 3 years	45,423	5,402
	<u>1,141,964</u>	<u>1,150,782</u>

- (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 temporary receipt on behalf which are unsecured and interest free.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

1. Revenue

For the year ended 31 December 2024, the Group recorded revenue of approximately RMB6,969.5 million, representing a decrease of approximately RMB40.0 million (approximately 0.6%) as compared with approximately RMB7,009.5 million for the year ended 31 December 2023. The decrease in revenue was primarily due to the decrease in revenue from value-added services to non-property owners. The following tables set forth the details of the Group's total revenue by source and business line for the years indicated:

By source:

	For the year ended 31 December				Growth rate
	2024		2023		
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	%
Third parties	6,801,695	97.6	6,439,281	91.9	5.6
Related parties	167,806	2.4	570,236	8.1	-70.6
Total	<u>6,969,501</u>	<u>100.0</u>	<u>7,009,517</u>	<u>100.0</u>	<u>-0.6</u>

By business line:

	For the year ended 31 December				Growth rate
	2024		2023		
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	%
Property management and operational services	6,379,627	91.5	6,158,647	87.8	3.6
Community living services	442,974	6.4	473,776	6.8	-6.5
Value-added services to non-property owners	146,900	2.1	377,094	5.4	-61.0
Total	<u>6,969,501</u>	<u>100.0</u>	<u>7,009,517</u>	<u>100.0</u>	<u>-0.6</u>

Revenue from property management and operational services recorded an increase to approximately 91.5%, representing an increase of 3.6 percentage points for its proportion to the Group's total revenue as compared to the same period of last year. As for value-added services to non-property owners, revenue from value-added services to non-property owners for the year ended 31 December 2024 recorded a continuous decline as there was no significant improvement in the real estate industry, the contraction in business volume, and the Group continuously adjusted the business based on the principle of marketization.

Property management and operational services

For the year ended 31 December 2024, the Group's revenue from property management and operational services was approximately RMB6,379.6 million, representing an increase of approximately RMB221.0 million (approximately 3.6%) as compared with that for the year ended 31 December 2023, which was mainly attributable to the increase in gross floor area ("GFA") under management that is in line with the Group's business expansion. By source of projects, revenue from properties developed by the Sunac Group, its joint ventures and associates¹ was approximately RMB4,604.1 million, accounting for approximately 72.2%; revenue from properties developed by independent third party property developers² was approximately RMB1,775.5 million, accounting for approximately 27.8%. By type of projects, revenue from residential properties was approximately RMB5,239.3 million, accounting for approximately 82.1%; revenue from non-residential properties was approximately RMB1,140.3 million, accounting for approximately 17.9%.

Notes:

¹ Including properties developed independently by Sunac China and its subsidiaries, excluding the Group (the "**Sunac Group**"), and jointly with other property developers.

² Including properties other than those developed independently by the Sunac Group or jointly with other property developers.

Community living services

For the year ended 31 December 2024, the Group's revenue from community living services was approximately RMB443.0 million, representing a decrease of approximately RMB30.8 million (approximately 6.5%) as compared with approximately RMB473.8 million for the year ended 31 December 2023.

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			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Convenience services	215,841	48.7	216,348	45.7
Space operation services	117,190	26.5	143,142	30.2
Property interior decoration services	65,726	14.8	58,640	12.4
Property agency services	44,217	10.0	55,646	11.7
Total	<u>442,974</u>	<u>100.0</u>	<u>473,776</u>	<u>100.0</u>

Convenience services mainly include house cleaning, home appliance cleaning, home repair and maintenance, and community retail commerce based on the needs of property owners. Revenue from convenience services for the year ended 31 December 2024 was approximately RMB215.8 million, basically the same as compared with that for the year ended 31 December 2023.

Revenue from space operational services was approximately RMB117.2 million, representing a decrease of approximately RMB26.0 million as compared with that for the year ended 31 December 2023, which was mainly attributable to the Group's active reduction of certain non-core businesses during the Year.

Revenue from property interior decoration services was approximately RMB65.7 million, representing an increase of approximately RMB7.1 million as compared with that for the year ended 31 December 2023, which was primarily driven by the Group's focus on the development of the partial decoration and renovation business for property inventories, which contributed to the growth in revenue from related business.

Revenue from property agency services was approximately RMB44.2 million, representing a decrease of approximately RMB11.4 million as compared with that for the year ended 31 December 2023. As affected by the market environment, the transaction volume of commercial housing decreased as compared to the same period of last year, resulting in a decline in revenue from such business.

Value-added services to non-property owners

For the year ended 31 December 2024, the Group's revenue from value-added services to non-property owners amounted to approximately RMB146.9 million, representing a decrease of approximately RMB230.2 million (approximately 61.0%) as compared with approximately RMB377.1 million for the year ended 31 December 2023. It was mainly due to the fact that there was no significant improvement in the real estate industry, the contraction in business volume, and the Group continuously adjusted the business based on the principle of marketization, resulting in a continuous decline in revenue for the year ended 31 December 2024.

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			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Sales assistance services	64,552	43.9	182,271	48.3
Consultancy and other value-added services	73,577	50.1	166,539	44.2
Others	8,771	6.0	28,284	7.5
Total	<u>146,900</u>	<u>100.0</u>	<u>377,094</u>	<u>100.0</u>

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, mainly related to on-site staff providing property management and operational services at properties under management; (ii) security, maintenance, cleaning and greening costs in connection with sub-contracting services; (iii) utilities cost; (iv) cost of consumable materials; (v) depreciation and amortisation; and (vi) office, travelling and communication cost and other cost.

The Group's cost of sales amounted to approximately RMB5,442.2 million for the year ended 31 December 2024, representing an increase of approximately RMB100.5 million (approximately 1.9%) as compared with approximately RMB5,341.7 million for the year ended 31 December 2023.

3. Gross Profit and Gross Profit Margin

The Group's gross profit amounted to approximately RMB1,527.3 million for the year ended 31 December 2024, representing a decrease of approximately RMB140.6 million (approximately 8.4%) as compared with approximately RMB1,667.9 million for the year ended 31 December 2023. The Group's gross profit margin was approximately 21.9% for the year ended 31 December 2024, representing a decrease of approximately 1.9 percentage points from 23.8% for the year ended 31 December 2023.

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			
	2024		2023	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management and operational services	1,332,220	20.9	1,468,576	23.8
Community living services	153,673	34.7	150,267	31.7
Value-added services to non-property owners	41,380	28.2	49,017	13.0
Total	1,527,273	21.9	1,667,860	23.8

The gross profit margin of property management and operational services decreased from approximately 23.8% for the year ended 31 December 2023 to approximately 20.9% for the year ended 31 December 2024, which was mainly due to the expiration of warranty periods for properties under the Group's management and the increase in repair and maintenance costs incurred for improving service quality. The gross profit margin of community living services increased from 31.7% to 34.7%, driven by improvements in personnel efficiency and optimization of supply chain management following the implementation of the Group's strategy focused on core cities and core products.

4. Administrative Expenses

For the year ended 31 December 2024, the Group's administrative expenses amounted to approximately RMB569.6 million, representing a decrease of approximately RMB64.7 million from approximately RMB634.3 million for the year ended 31 December 2023. The decrease in administrative expenses was mainly attributable to the integrated management and improved management structure by the Group and cost savings were achieved.

5. Selling and Marketing Expenses

For the year ended 31 December 2024, the Group's selling and marketing expenses amounted to approximately RMB56.9 million, representing a decrease of approximately RMB5.9 million from approximately RMB62.8 million for the year ended 31 December 2023.

6. Net Impairment Losses on Financial Assets

For the year ended 31 December 2024, the Group's net impairment losses on financial assets amounted to approximately RMB1,388.0 million, which was mainly attributable to the impairment of trade receivables of RMB1,087.2 million, of which, the net impairment losses on trade receivables from related parties amounted to approximately RMB763.2 million, while the net impairment losses on trade receivables from third parties amounted to approximately RMB324.0 million. During the Year, in light of continued downward movement of market conditions in the real estate industry, the Group further made impairment provisions on trade and other receivables from related parties for the sake of prudence. In addition, the rate of repayment from third-party property owners for whom the Group provides property management and operational services has slowed down, resulting in an increase in the credit risk of the Group's trade and other receivables from third parties and hence an increase in the provision for impairment. For the year ended 31 December 2023, the Group's net impairment losses on financial assets amounted to approximately RMB850.2 million.

7. Finance Income, Net

The Group's finance income mainly represents the interest income on bank deposits, and finance costs mainly represent the Group's 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 2024, the Group's net finance income amounted to approximately RMB33.3 million, representing a decrease of approximately RMB22.2 million from approximately RMB55.5 million for the year ended 31 December 2023. The change was mainly due to lower interest rate for bank deposits comparing to the same period last year, resulting in a decrease in interest income on the Group's deposits by approximately RMB23.5 million as compared to the same period last year.

8. Net Loss

For the year ended 31 December 2024, the Group's net loss amounted to approximately RMB433.1 million, in which, the loss attributable to the owners of the Company was approximately RMB451.2 million, which was mainly due to the Group further made impairment provisions on trade and other receivables from related parties during the Year for the sake of prudence, while for the year ended 31 December 2023, the Group's net loss amounted to approximately RMB393.2 million, and the loss attributable to the owners of the Company was approximately RMB435.1 million.

9. Intangible Assets

Intangible assets of the Group mainly include goodwill, customer relationships incurred during the acquisition of equity, and software and others.

As at 31 December 2024, the intangible assets of the Group amounted to approximately RMB1,448.5 million, representing a decrease of approximately RMB152.8 million from approximately RMB1,601.3 million as at 31 December 2023, which was mainly attributable to amortisation of intangible assets and impairment of goodwill for the Year of approximately RMB74.7 million arising from the previously acquisition of Zhangtai Services by the Group. During the year ended 31 December 2024, as the speed of project expansion and profit margin were less than expected and management also expected that new property management services of Zhangtai Services would not be increased than expected before and the continuous increase in service costs, leading to a decrease of value-in-use of Zhangtai Services as at 31 December 2024. Based on prudent considerations, the Group has provided for the impairment of goodwill arising from the previously acquisition of Zhangtai Services by the Group.

10. Trade and Other Receivables

Trade and other receivables include trade receivables and other receivables.

As at 31 December 2024, the Group's net trade and other receivables (including current and non-current) were approximately RMB3,590.2 million, representing a decrease of approximately RMB727.4 million as compared with approximately RMB4,317.6 million as at 31 December 2023, which was mainly due to the increase in the Group's gross trade receivables by approximately RMB578.9 million as compared to the end of the last year and the increase in impairment provision on trade and other receivables by approximately RMB1,338.1 million as compared to the end of the last year. The increase in gross trade receivables was mainly due to the slowdown in the rate of repayment from third-party property owners. The increase in impairment provisions was mainly due to the fact that the Group further made impairment provisions on trade and other receivables from related parties for the sake of prudence.

11. Trade and Other Payables

Trade and other payables include trade payables, temporary receipt on behalf, deposit payables, consideration payable arising from non-controlling shareholder's put option, payroll and welfare payables, etc.

As at 31 December 2024, the Group's trade and other payables were approximately RMB2,841.5 million, representing a decrease of approximately RMB195.4 million from approximately RMB3,036.9 million as at 31 December 2023, which was mainly due to the decrease in deposit payables, amounts collected on behalf of property owners, employee salaries payable and accruals.

12. Available Funds, Financial and Capital Resources

As at 31 December 2024, the total amount of available funds (including cash and cash equivalents, restricted cash, bank deposits with the maturity over three months and wealth management products) of the Group was approximately RMB4,068.8 million, representing a decrease of approximately RMB366.8 million from approximately RMB4,435.6 million as at 31 December 2023, which was mainly due to the cash outflows from the payment of dividends during the Year.

As at 31 December 2024, the Group's net current assets (current assets less current liabilities) amounted to approximately RMB2,454.3 million (31 December 2023: approximately RMB3,499.4 million). The Group's current ratio (calculated by dividing current assets by current liabilities) was approximately 1.5 times (31 December 2023: approximately 1.7 times).

As at 31 December 2024, the Group had no loans or borrowings (31 December 2023: 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%) was nil (as at 31 December 2023: 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 2024, the Group had no significant foreign exchange risk and had not engaged in hedging activities for managing foreign exchange risk.

15. Pledge of Assets

As at 31 December 2024, none of the assets of the Group were pledged (as at 31 December 2023: Nil).

16. Contingent Liabilities

As at 31 December 2024, the Group did not have any material contingent liabilities (as at 31 December 2023: Nil).

BUSINESS REVIEW AND OUTLOOK

Review of 2024

In 2024, as customer expectations for service standards continue to rise, government management requirements for property services are increasingly stringent, and customers' willingness and ability to pay have declined constantly due to economic and other factors, the property management industry faces new challenges. Two years ago, our Group began to adjust the direction of our market-oriented business development, striving for quality service and profitable cash flow. In 2024, we remain to firmly commit to our strategy, deepening our strategic adjustments, which has laid a solid foundation to respond to the changing industry environment.

In 2024, the Group continued to optimize its business structure, with non-related parties business achieving steady growth. The Group's revenue for 2024 reached approximately RMB6.970 billion, of which revenue from non-related parties amounted to approximately RMB6.802 billion, representing a year-on-year increase of about 5.6% and accounting for approximately 98% of the total revenue. The Group effectively managed its related party business, with trade receivables from related parties continuing to decline, further narrowing the exposure to impairment risks. As of the end of 2024, the total trade receivables from related parties decreased by approximately RMB131 million to approximately RMB3.286 billion compared to the end of 2023. The balance after impairment provisions stood at approximately RMB591 million, of which the unsecured amount was approximately RMB181 million. As of the end of 2024, the Group's available funds¹ balance was approximately RMB4.069 billion, providing ample financial support for the Group's sustained development.

Note:

¹ Including cash and cash equivalents, restricted cash, bank deposits with the maturity over three months and wealth management products.

A solid foundation has laid the cornerstone for the Group's development. As of the end of 2024, the Group's managed portfolio continued to expand, and the GFA under management was approximately 291 million sq.m., a year-on-year increase of about 7%; the number of property owners under management was approximately 1.7 million, a year-on-year increase of about 8%. The overall portfolio remained stable and high-quality, with the renewal rate increasing by 4 percentage points to approximately 95%, and the proportion of saturated revenue from residential properties under management increased to about 84%. The core cities boast high-quality projects, with their contribution to saturated revenue from managed projects reaching approximately 85%. Moreover, project density in these cities has been increasing year after year. Building on this stable foundation, the Group has implemented multiple measures to enhance operational efficiency and improve the quality of its managed properties. On the one hand, the Group comprehensively advanced the application and investment in technology to boost long-term operational benefits. For instance, in engineering, we have driven energy-saving renovations for technical, managerial, and policy, with a single-year investment of approximately RMB6 million. It is expected to achieve annual savings of approximately RMB18 million in the future. On the other hand, the Group continued to invest its own capital, allocating over RMB60 million to 541 projects in 2024. These efforts not only addressed property owners' challenges but also earned their support and recognition, resulting in improved collection rates for over 80% of the projects.

In terms of market expansion, since 2023, the Group has adjusted its strategy to firmly focus on core cities and key business segments², as well as to deepen relationships with major clients, achieving initial results this year. In 2024, the contract value from core cities accounted for approximately 98% of the total, an increase of about 6 percentage points compared to the previous year. The management density of core cities was significantly improved, with the project density per city increasing by approximately 11% compared with that before the strategic adjustment in 2022. The contract value from key business segments accounted for about 80%, up by around 19 percentage points year-on-year, with the saturated revenue from these segments increasing to approximately 96%. Premium major customers further drove performance growth, projects with contract values exceeding RMB10 million accounted for about 49% of the total, with the number of major customers growing by approximately 84% compared with that of 2022. Despite the intense market environment, the newly secured contract value remained stable year-on-year, while the quality of expansion projects continued to maintain high standards.

Note:

² Key business segments include residential properties, commercial offices, and industrial parks.

In terms of community living services, the Group has focused on addressing the needs of property owners and leveraging its strengths in property management to explore the value of property owners, create competitive products and build competitive advantage in the long-tail market of property management. The Group strove to explore the potential value of its property owner resource business³, which generated revenue of approximately RMB220 million, a year-on-year increase of about 5%, accounting for approximately 50% of the total revenue from the community living services, an increase of 6 percentage points compared to the previous year. The Group attached great importance to the needs of property owners, with a significant increase in the number of property owners and notable improvements product penetration rate and project coverage rate. Leveraging on the strengths of property services integration, the Group fully motivated the enthusiasm of front-line employees of core business through providing strong support for them to reach property owners, reusing property employees and recruiting property owners as product evaluators. The number of front-line employees participating in marketing increased by approximately 25% year-on-year, while the actual commission ratio rose by about 0.5 percentage points. The proportion of total revenue generated by the front-line employees' distribution efforts grew by around 24 percentage points. The Group has built a competitive edge in products and services, creating reliable, convenient and cost-effective flagship products, and letting property owners feel at ease, worry-free and happy.

We believe that the operational pressures brought about by environmental changes are temporary. With a solid foundation, steady development, and a promising future, the Group has proposed to declare a final dividend for 2024 of RMB14.3 cents per share, totalling approximately RMB437 million. This amount represents about 55% of the core net profit attributable to the owners of the Company for 2024, with a dividend yield⁴ reaching approximately 9.5%.

Notes:

³ The property owner resource business includes services provided to C-end property owners, such as retail services, home services, self-operated property interior decoration services, drinking fountains and charging stations services and leasing services.

⁴ Based on the closing price on the trading day prior to the release of this announcement (i.e. 21 March 2025).

Outlook for 2025

In 2025, the property management industry will continue to be influenced by local policies. Property owners' demand for high-quality services will not diminish, while their sensitivity to pricing will persist. Additionally, payment willingness may still be affected by external environmental factors. Facing these challenges, we will focus on enhancing service perception, ensuring price transparency, and fostering co-creation with property owners to further improve our relationships with them. By deepening property owners' trust and building strong customer connections, we aim to solidify our foundation, support the improvement of collection rates, and drive the performance of both market expansion and community living services.

Operational health and stability form the foundation of the development of enterprises. For project operations, we will implement full lifecycle management to ensure steady growth of our core business. In the early stages, we will enforce high-quality expansions and continue to deepen the implementation of our market expansion strategy. During the mid-term, we will establish a health monitoring mechanism to ensure the smooth daily operation of projects. In the later stages, we will conduct risk assessments six months before project expiration to ensure seamless contract renewals. By prioritizing client-centric problem resolution, we will allocate targeted and measured resources for improvements while deploying professional, cost-effective technical solutions. This strategy is designed to maximize customer satisfaction and drive sustained improvement of collection rates.

The core business will focus on key products to build their respective identities and competitive advantages. For residential business, we are committed to solidifying our image as a provider of mid-to-high-end services in the residential sector, while also establishing community building as a distinctive soft service label of the Company. In the non-residential sector, we aim to become recognized experts in integrated office property management services. For community living services, centered on the principles of "Convenience+" and "Asset+," we will concentrate on drinking water front warehouses, home repairs, and partial renovation services, building a reputation for reliable, convenient, and cost-effective solutions.

The development strategy will be tailored to each city's unique conditions, with increased resource allocation to key areas. Based on the growth potential and project density of each city, we have categorized our primary managed cities into four types: high-density high-potential, high-potential increasing-density, high-density low-potential, and others. We will implement differentiated management structures, allocate resources strategically, and design customized development plans to drive overall growth and performance improvement for the Group.

In terms of digital technology and organizational structure, with the goal of empowering frontline operations and enhancing quality and efficiency, we will continue to innovate and iterate on digital tools, driving the widespread adoption of new technologies. Simultaneously, we will further streamline our management structure to bring management closer to the ground to better serve frontline operations.

Looking ahead to the next three years, we will solidify our service quality, operational excellence, and development standards to adapt to the evolving industry landscape. By focusing on core businesses and building differentiated competitive advantages, we aim to achieve healthier and more sustainable growth. We firmly believe that no matter how long the road, it will be reached if we keep moving forward; no matter how difficult the task, it will be accomplished if we persist in our efforts.

OTHER INFORMATION

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

The annual general meeting of the Company for the year ended 31 December 2024 (the “**AGM**”) is scheduled to be held on Thursday, 22 May 2025. A notice convening the AGM will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.sunacservice.com), and will be despatched to the Shareholders based on the election of means of receipt and language of the Company’s corporate communications by the shareholders of the Company (the “**Shareholders**”) within such time and in such manner as required under the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The record date for ascertaining Shareholders’ entitlement to attend and vote at the AGM will be Thursday, 22 May 2025. The register of members of the Company will be closed from Monday, 19 May 2025 to Thursday, 22 May 2025 (both days inclusive), during which period no transfer of shares of the Company (the “**Shares**”) will be registered. In order to qualify for attending and voting at the AGM, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar 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, no later than 4:30 p.m. on Friday, 16 May 2025.

The Board recommended a final dividend of RMB14.3 cents per ordinary share totalling approximately RMB437 million for the year ended 31 December 2024. 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 Friday, 6 June 2025. 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, 22 May 2025.

Upon obtaining approval of the Shareholders at the forthcoming AGM, the record date for determining the Shareholders' entitlement to the final dividend for the year ended 31 December 2024 will be Monday, 2 June 2025. The register of members of the Company will be closed from Thursday, 29 May 2025 to Monday, 2 June 2025 (both days inclusive), during which period no transfer of Shares will be registered. For the purpose of determining the entitlement to the final dividend for the year ended 31 December 2024, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 28 May 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

As at 31 December 2024, there is no treasury shares held by the Company.

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the year ended 31 December 2024.

SIGNIFICANT EVENTS OF THE YEAR

On 13 December 2024, the Company (for itself and on behalf of the Group) entered into the Property Management Services Framework Agreement (approved by extraordinary general meeting held on 21 January 2025), the Sales Assistance Services Framework Agreement, the Consultancy and Other Value-added Services Framework Agreement and the Property Agency Services Framework Agreement with Sunac China (for itself and on behalf of the Sunac Group), pursuant to which, members of the Group may continue to provide Property Management Services, Sales Assistance Services, Consultancy and Other Value-added Services, Property Agency Services and other regular services to members of the Sunac Group for a term of three years from 1 January 2025 to 31 December 2027 (both days inclusive). For details, please refer to the announcements of the Company dated 13 December 2024 and 21 January 2025, and the circular dated 31 December 2024.

SIGNIFICANT INVESTMENT, ACQUISITIONS AND DISPOSALS

There were no other significant investments held, material acquisitions or disposals of subsidiaries, associates or joint ventures during the year ended 31 December 2024.

EVENTS AFTER THE REPORTING PERIOD

As at the date of this announcement, there was no other significant event that had an effect on the Group.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group had 27,051 employees. For the year ended 31 December 2024, the staff cost of the Group was approximately RMB2,739 million. 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. Remuneration and benefits include basic salaries, discretionary bonus, share award schemes and social insurances/housing funds. The Group continues to pay attention to staff appraisal and incentives as well as training and promotion by conducting annual and process performance appraisals, special awards and punishments, etc., to provide promotion and development opportunities for staff with outstanding overall performance. The Board will continuously review, revise from time to time and update the remuneration policy of the Group.

The Group regularly hosts comprehensive internal staff training programmes for 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 by the Group, 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.

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 C3 to the Listing Rules as the guidelines for the Directors’ dealings in securities of the Company. Following specific enquiries of all Directors, all Directors confirmed that they have complied with the required standards as set out in the Model Code in relation to their securities dealings (if any) during the year ended 31 December 2024.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code (the “**Corporate Governance Code**”) contained in Appendix C1 to the Listing Rules as its own code on corporate governance and had complied with all applicable code provisions of the Corporate Governance Code for the year ended 31 December 2024.

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

AUDIT COMMITTEE

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

The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed matters concerning the audit, internal control and risk management systems and financial reporting, including reviewing the Group's annual results for the year ended 31 December 2024.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the figures set out in the Group's audited consolidated financial statements for the Year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on this announcement.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.sunacservice.com). The Company's 2024 annual report along with the AGM circular, the notice of AGM, the proxy form and such documents will be despatched to the Shareholders based on the election of means of receipt and language of the Company's corporate communications by the Shareholders and published on the above websites in due course.

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

Hong Kong, 24 March 2025

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