世茂服務
SHIMAO SERVICE

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

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

RESULTS HIGHLIGHTS

1. Revenue amounted to RMB7,895.5 million, representing a decrease of 3.7% as compared to RMB8,202.7 million for the same period of 2023.

2. Revenue of the Group was derived from four business lines: (1) property management services; (2) community value-added services; (3) value-added services to non-property owners; and (4) city services. During the year, (1) revenue from property management services was RMB5,564.3 million, accounting for 70.5% of the total revenue and representing a year-on-year increase of 5.1% as compared to RMB5,291.9 million for the same period of 2023; (2) revenue from community value-added services amounted to RMB1,207.7 million, accounting for 15.3% of the total revenue and representing a year-on-year decrease of 11.4% as compared to RMB1,362.9 million for the same period of 2023; (3) revenue from value-added services to non-property owners amounted to RMB176.0 million, accounting for 2.2% of the total revenue and representing a year-on-year decrease of 17.4% as compared to RMB213.1 million for the same period of 2023; and (4) revenue from city services amounted to RMB947.5 million, accounting for 12.0% of the total revenue and representing a year-on-year decrease of 29.0% as compared to RMB1,334.8 million for the same period of 2023.

3. Gross profit amounted to RMB1,564.3 million, representing a year-on-year decrease of 5.0% as compared to RMB1,646.4 million for the same period of 2023.

4. Operating loss amounted to RMB157.7 million, representing a significant decrease as compared to the operating profit of RMB343.6 million for the same period of 2023.

5. Loss for the year amounted to RMB223.0 million, representing a significant decrease as compared to profit for the year of RMB316.7 million for the same period of 2023. During the year, loss attributable to equity holders of the Company was RMB272.4 million, representing a significant decrease as compared to profit attributable to equity holders of the Company of RMB273.2 million for the same period of 2023. The core net profit[(Note)] attributable to equity holders of the Company was RMB492.4 million, representing a year-on-year decrease of 24.0% as compared to RMB647.7 million for the same period of 2023.

6. During the year, basic loss per share amounted to RMB0.11, representing a significant decrease as compared to basic earnings per share of RMB0.11 for the same period of 2023.

7. The Group's cash and cash equivalents, including time deposits with maturity over three months, amounted to RMB3,764.2 million as of 31 December 2024, representing a decrease of 21.4% as compared to RMB4,788.3 million as of 31 December 2023, mainly due to (1) the past payment for equity transfer during the year; (2) investment in associates; and (3) the lower-than-expected recovery rate of services fees during the year.

Note: It represents the core net profit attributable to equity holders of the Company by excluding provision of impairment of receivables, expenses of the Share Award Scheme, fair value changes in purchase consideration adjustment, loss on disposal of subsidiaries, amortisation costs of intangible assets (brands, contracts and customer relationships) brought by mergers and acquisitions (M&A), provision for inventories, goodwill and performance compensation for acquired companies.

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present the annual results of Shimao Services Holdings Limited ("Shimao Services", "Shimao" or the "Company", together with its subsidiaries, the "Group") for the year ended 31 December 2024.

Market and Industry

In 2024, China's real estate industry was generally persisted on adjustment trend. New home sales and sales gross floor area ("GFA") nationwide fell back to the level of 2009 to 2010. Newly-started residential GFA accounted for 75% of that of new home delivered, indicating that unsold housing was built much slower than it was sold and that a new cycle of destocking in the real estate market has begun.

The way the property management services industry boosted its revenue changed significantly as well, with challenges facing the previous model of driving growth by adding new projects. With more large-scale property management services companies setting their sights on the existing stock and non-residential market for further expansion, basic property management services have regained relevance and become a key driving force for industry growth.

Since the fourth quarter of 2024, the real estate industry has seen a turnaround supported by a raft of policies to reverse the downturn and stabilise the real estate market. The central and local governments have introduced a series of measures to facilitate the stabilisation of the property market, aiming to stimulate market demand and stabilise market confidence. At the same time, policymakers announced that 6 million affordable housing units will be put on the market in the coming five years. That was echoed by the Ministry of Housing and Urban-Rural Development and the Ministry of Finance with a joint statement on promoting the "urban village redevelopment" project piloted in 35 megacities to more than 300 above-prefecture-level cities across the country.

With a keen eye for market changes, large-scale property management services companies took the lead in adjusting strategic layout by focusing core competitiveness on enhancing service quality. In particular, they further penetrated customer needs to establish benchmark products with unique service characteristics. As a result, they stood out in highly competitive environment, consolidating and elevating their market positions. By strengthening business capabilities and optimising management process, they have not only increased customer satisfaction and loyalty, but also laid a solid foundation for expanding diversified value-added services, thereby continuously scaling up the overall operations.

In the symposium on private enterprises held on 17 February 2025, it was pointed out that the private economy forms a backbone of high-quality development and plays an indispensable role in stabilising growth, facilitating innovation, increasing employment, and improving people's livelihood.

The property management services industry goes hand in hand with people's well-being. It consolidates an array of practices, employing people across different levels of education and qualifications, provides clean, safe and comfortable living and working environment, and creates communities with plentiful cultural activities that enhance living standards.

From a long-term perspective, the property management services industry has the strongest customer base and the steadiest customer demand. Large-scale property management services companies are not only the builders of ideal urban life, but also a key force to enhance the happiness of residents. During the transformation in the industry, the Group shall be able to achieve long-term and upward development with unwavering confidence, internal strength and innovation capabilities.

Annual Results

The Group recorded revenue of RMB7,895.5 million, gross profit of RMB1,564.3 million, and core net profit attributable to equity holders of the Company of RMB492.4 million in 2024. The GFA under management amounted to 218.4 million sq.m. and the contracted GFA reached 314.3 million sq.m.. Gross profit margin was 19.8% and core net profit margin attributable to equity holders of the Company was 6.2%.

- ***Focus on market expansions***

  Throughout 2024, Shimao Services had been steadfast in advancing towards the key goal of market expansion.

  At the selection stage, the Company always stays prudent in conducting comprehensive and in-depth evaluations of basic terms for projects. The special investment and development committee was thus set up for multi-departmental joint assessment to make concerted efforts to screen the best among the best at all levels of stringent quality control. This is to ensure a solid foundation was built from the beginning to safeguard the effective operation and management as well as the overall profitability of projects upon delivery.

  In terms of regional layout, Shimao Services has strategically identified key cities and focused its superior manpower and resources on developing the market with better prospect and unleashing the potential in such regions, with a target to build signature projects in each of these regions for greater brand influence and market share.

  In terms of bidding ability, with its profound insight into customer demand and accurate position, Shimao Services, through meticulous design, launched a series of high-quality products. By putting business segments together, the Company integrated all quality resources within the Group to fully meet the diversified needs of customers.

  In 2024, Shimao Services achieved fruitful results on its market expansion. Additional annualised contract amount reached RMB1,482.7 million, representing a year-on-year increase of 28.2%; newly-added contracted GFA was 43.1 million sq.m., representing a year-on-year increase of 3.4%; and average price of property management fee for newly-added projects amounted to RMB2.9 per sq.m. per month, representing a year-on-year increase of 26.1%.

Third-party bidding expansion not only hit new highs, but also built a strong momentum for the Company's own sustainable development amid fiercer market competition for higher goals.

- ***Stable operation***

  In 2024, property management services, as the core business segment of Shimao Services, showed a steady upward trend. Despite the overall subdued economic development and the ongoing downturn in the real estate industry in recent years, Shimao Services has continued to achieve fruitful results based on its profound understanding of the industry and excellent operation and management capabilities.

  The Group's revenue from property management services reached RMB5,564.3 million, representing a year-on-year increase of 5.1%, reflecting its immense strength and strong core competitiveness in the field of basic property management services.

  As of 2024, residential projects accounted for 63.9% of Shimao Services' projects under management, constituting a solid base for the business. Among these residential projects, up to 74.4% are located in first-tier, new first-tier and second-tier cities. These high-performance cities bring together abundant resources and consumer groups. By virtue of a high proportion of projects layout, Shimao Services has established a firm foothold, enabling it to fully cater to the different needs of local residents, broaden space for diversified value-added services, and enjoy constant and strong growth momentum.

- ***Return to quality***

  Throughout 2024, Shimao Services upheld the idea of "putting service and quality first" for its enhancement in service quality. Better "service capabilities" served as the core that ran through the planning and implementation of every task.

  In the residential business segment, the Company continued to optimise its service system, creating affordable, basic and upscale benchmark projects suitable for different customer groups. With refined services, these projects allowed property owners to have a warm and comfortable home in pursuit of living quality.

  In the non-residential business segment, Shimao Services further deepened the cooperation with customers to enhance the overall satisfaction and constructed more influential non-residential complex benchmark projects. With innovative service models, combined with improved operational efficiency, customers were provided with a better and well-rounded service experience.

  Customer satisfaction is the gauge of services. Shimao Services kept improving its service process and quality by grasping what customers really cared about, in an attempt to forge a quality service system with Shimao's characteristics. Building a series of representative and distinctive benchmark projects is beneficial to the Company for building up a good reputation in the industry, expanding market influence and enhancing comprehensive market competitiveness.

- ***Structural transformation***

  In 2024, Shimao Services implemented a series of forward-looking strategic initiatives to promote a comprehensive organisation optimisation and upgrading in order to realise the integration of efficient operation and cultural cohesion.

  Following the restructuring, the Company now covers 4 regions and 18 districts, with streamlined organisation and improved operation and management efficiency.

  Multi-level and multi-session professional courses on culture and mindset, complemented with trainings, were provided to managers at all levels to improve their business philosophy and management capabilities. For example, "7:30 classroom for managers" was launched to promote the iteration of management mechanism and build management consensus; "Win a gold medal" set an excellence benchmark to encourage staff to perform better; "five codes of conduct" stimulated the vitality of the organisation to create a positive working atmosphere.

Future Outlook

Operation purpose and orientation

In 2025, the Company will regard stable and healthy operation as its core operation principle and take the following actions accordingly. The Company will, firstly, strive to restructure the existing operation for more reasonable allocation of resources; secondly, open up new market channels for third-party bidding expansion in keeping up with industry trends and market demand, and grasping business opportunities in emerging fields; thirdly, vigorously explore new resources and the potential of each project, and provide convenient services through innovative service models and methods to generate revenue, after taking into account the living scenarios and actual needs of community property owners.

Business operation strategy

For the residential business segment, Shimao Services will solidify customer base and enlarge market share through high-quality service and good reputation, while maintaining its business scale. It will lower the costs and expand value-added services to help generate steady profit.

For the non-residential business segment, it shall be separated from the residential business segment. Shimao Services will focus on cultivating independent operation capabilities. A professional non-residential business team will be established to build a separate system covering market expansion, operation management and customer service in order to achieve independent operation in the future.

Four major campaigns

- *Revenue growth*

  "To improve retention". The Company will pay attention to customer retention, provide high-quality and diversified services, closely align with customer needs, enhance the emotional bond between customers and enterprises, and stabilise the foundation of existing business.

  "To enhance diversified value-added services business". The Company will enrich the types of value-added service business, and explore new service growth points based on the actual needs of users. It will optimise the allocation of common space resources, enhance the efficiency per square metre, and maximise the output per unit space.

  "To increase new projects from market expansion". The Company will actively explore the market, with professional service capabilities and competitive advantages, break market boundary to achieve continuous expansion of business scale.

- *Cost control*

  "Staff's efficiency enhancement". The Company will enhance the work skills and efficiency of employees, and increase per capita output and per capita profit by optimising staffing and strengthening training. It will promote business process optimisation, streamline management, and reduce management costs.

  "Cost reduction". The Company will conduct in-depth analysis of cost composition and implement refined cost management. It will strictly control the budget, strengthen cost monitoring and analysis from procurement, on-site operations to other areas, for the purpose of ensuring effective cost control.

- *Quality improvement*

  Residential business segment. The Company will comprehensively renew image, standards and service in order to bring a new experience to the owners, and ensure that the service is meticulous. It will strengthen feedback and innovation, fully collect the opinions of owners, and review and adjust service strategies in a timely manner. It will also carry out special empowerment training to improve the professional quality of employees.

  Non-residential business segment. The Company will introduce equipment armed with intelligent management system, so as to improve operational efficiency and accuracy. It will promote the standardisation and specialisation of services, and provide customers with high-quality, efficient and standardised services. It will also propel the improvement of service quality by creating benchmark projects.

- *Management improvement*

  Management training. The Company will rely on the "Future Forest College" for the offering of special training programs for personnel at different levels, so as to comprehensively cultivate the operation and management capabilities of employees and solidly promote the echelon construction of the core employees.

  Professional empowerment. The Company will arrange on-the-job training for basic positions to comprehensively improve employees' basic business capabilities. The management will help to solve the practical work problems at the frontline and realise the iteration and upgrade of customer service capabilities.

Social responsibility

Shimao Services, as an enterprise with a deep sense of social responsibility, always keeps in mind its social responsibility to achieve common prosperity with society, employees, customers and investors, and actively fulfills its responsibility and commitment while pursuing its own development.

Under the advocacy of the national policy "property service + life service", in 2024, Shimao Services focused on the three major aspects of "hardware improvement, soft enhancement, and community culture construction" to carry out quality improvement actions, creating a wonderful community for owners with warm and heartfelt services.

The Company will create environmentally friendly projects that reduce the environmental impact of our operation. For the residential business segment, through the establishment of energy conservation and consumption reduction management mechanisms and the setting of energy conservation targets, it will conduct regular management of energy consumption, and build the ecological community with the owners. For the non-residential business segment, the Company will, by focusing on the integration of waste treatment, renewable energy utilisation and environmental sanitation, promote the development of urban circular economy and improve the development of green industries.

In 2024, Shimao Services' Environmental, Social and Governance ("ESG") rating was upgraded from BB to BBB by Morgan Stanley Capital International (MSCI), and won the "2024 China's Top 10 Listed Property Management Companies for ESG Sustainability" and "2024 Best ESG Practices of China's Listed Property Enterprises".

Acknowledgement

In 2024, the domestic economy underwent a period of recovery, transformation and upgrading against the volatility in the capital market. On behalf of the board of directors of the Company (the "Board"), I would like to extend my heartfelt gratitude and deepest respect to our shareholders, business partners, local governments, property owners, customers and dedicated staff of Shimao Services for their immense support. Your understanding and support in joining hands with us are very much appreciated.

We believe "responsibility" and "collaborative breakthrough" will help us "secure the fruitful results".

Amid the ever-changing landscape of the industry, Shimao Services will embrace changes with a more positive attitude, give full play to its own advantages, be pragmatic and innovative, overcome difficulties, bravely meet new challenges and opportunities, and create greater value for shareholders.

Hui Sai Tan, Jason
Chairman

Hong Kong, 28 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

➢ Business Overview

The Group aims to become a leading comprehensive property management services provider in China, providing property owners with high quality property management services and diversified value-added services tailored to the needs of customers. Currently, the Group has four major business segments: (1) property management services; (2) community value-added services; (3) value-added services to non-property owners; and (4) city services.

As of 31 December 2024, the Group recorded revenue of RMB7,895.5 million and gross profit of RMB1,564.3 million; loss for the year of RMB223.0 million and loss attributable to equity holders of the Company of RMB272.4 million.

As at 31 December 2024, the Group provided a wide variety of services for 1,447 projects, covering various types of properties, including residential, universities and colleges, public buildings, industrial parks and hospitals, etc. The GFA under management amounted to 218.4 million sq.m., and contracted GFA was 314.3 million sq.m..

➢ PROPERTY MANAGEMENT SERVICES

- **Representing 70.5% of total revenue and 71.6% of total gross profit**

  For the full year of 2024, the Group's property management services recorded higher revenue and stabilised profit margins.

  As of 31 December 2024, the Group's revenue from property management services recorded RMB5,564.3 million, representing a year-on-year increase of 5.1% as compared to RMB5,291.9 million in 2023, which was mainly attributable to (1) the Group's proactive third-party bidding expansion with increase in GFA under management; (2) the outstanding capability and excellent performance of the team responsible for third-party bidding expansion, and the quality of the newly-added projects was better than that of the existing projects; (3) enhanced quality of the Group's property management services, contributing to an increase in the total contract value of projects under management; and (4) an increase in the GFA under management delivered by Shimao Group Holdings Limited ("Shimao Group") to the Group, contributing to the growth of revenue from property management services.

As of 31 December 2024, gross profit from property management services of the Group recorded RMB1,120.8 million, representing a year-on-year increase of 5.2% as compared to RMB1,065.4 million for the same period of 2023. Gross profit margin was 20.1%, which remained stable as compared to 20.1% for the same period of 2023, which was mainly because since May 2024, the Group has focused on enhancing management effectiveness and optimising the portfolio of projects under management; it has striven to enhance its project management capabilities and reduce costs while increasing efficiency by strictly controlling its frontline management costs; it has promoted energy-saving reforms to reduce utility cost, contributing to stable profitability of the property management services business.

The following table sets forth the Group's revenue, gross profit and gross profit margin from property management services for the years ended 31 December 2024 and 31 December 2023, respectively:

	For the year ended 31 December	
	2024	2023
Revenue (RMB million)	**5,564.3**	5,291.9
Gross profit (RMB million)	**1,120.8**	1,065.4
Gross profit margin (%)	**20.1%**	20.1%

- **Remained stable in management scale**

For the full year of 2024, the Group's management scale remained stable and the overall structure of project portfolio was further enhanced.

As at 31 December 2024, the Group's GFA under management amounted to 218.4 million sq.m., representing a year-on-year decline of 12.8% as compared to 250.6 million sq.m. for the same period of 2023; the Group's contracted GFA was 314.3 million sq.m., representing a year-on-year decline of 5.4% as compared to 332.3 million sq.m. for the same period of 2023.

As at 31 December 2024, the GFA under management from independent third-party developers was 156.1 million sq.m., accounting for 71.5%; the contracted GFA from independent third-party developers was 238.1 million sq.m., accounting for 75.8%, which was mainly attributable to the continuous enhancement of the Group's market expansion business capabilities, with projects from third-party bidding expansion becoming the most important source of the Group's GFA under management and contracted GFA, fuelling the Group's business development.

The following table sets forth the Group's GFA under management and contracted GFA which were categorised by property developer type as at 31 December 2024 and 31 December 2023, respectively:

	As at 31 December			
	2024		2023	
	Area ***(sq.m. in million)***	**Percentage** ***(%)***	Area *(sq.m. in million)*	Percentage *(%)*
GFA under management	**218.4**	**100%**	250.6	100%
Among which:				
From Shimao Group and its co-developers	**62.3**	**28.5%**	61.6	24.6%
From independent third-party developers	**156.1**	**71.5%**	189.0	75.4%
Contracted GFA	**314.3**	**100%**	332.3	100%
Among which:				
From Shimao Group and its co-developers	**76.2**	**24.2%**	76.8	23.1%
From independent third-party developers	**238.1**	**75.8%**	255.5	76.9%

As at 31 December 2024, the Group's GFA under management of residential properties was 139.6 million sq.m., accounting for 63.9%, representing an increase of 6.9 percentage points as compared to 57.0% for the same period of 2023; contracted GFA of residential properties was 193.0 million sq.m., accounting for 61.4%, representing an increase of 4.4 percentage points as compared to 57.0% for the same period of 2023.

As at 31 December 2024, by GFA under management, 74.4% of the Group's residential property projects located in first-tier, new first-tier and second-tier cities in the PRC. Quality projects under management and steady and healthy management scale not only contributed to the Group's revenue from property management services on an ongoing basis, but also provided the basis for the development and growth opportunities of various community value-added services businesses.

The following table sets forth the Group's GFA under management and contracted GFA which were categorised by property type as at 31 December 2024 and 31 December 2023, respectively:

	As at 31 December			
	2024		2023	
	Area *(sq.m. in million)*	**Percentage** *(%)*	Area *(sq.m. in million)*	Percentage *(%)*
GFA under management	**218.4**	**100%**	250.6	100%
Among which:				
Residential properties	**139.6**	**63.9%**	142.9	57.0%
Non-residential properties	**78.8**	**36.1%**	107.7	43.0%
Contracted GFA	**314.3**	**100%**	332.3	100%
Among which:				
Residential properties	**193.0**	**61.4%**	189.4	57.0%
Non-residential properties	**121.3**	**38.6%**	142.9	43.0%

As of 31 December 2024, the Group's terminated GFA under management amounted to 60.9 million sq.m., representing a year-on-year increase of 7.2% as compared to 56.8 million sq.m. for the same period of 2023, and the Group's terminated contracted GFA amounted to 62.2 million sq.m., representing a year-on-year increase of 5.1% as compared to 59.2 million sq.m. for the same period of 2023.

The following table sets forth the Group's terminated GFA under management and terminated contracted GFA which were categorised by property type for the years ended 31 December 2024 and 31 December 2023, respectively:

	For the year ended 31 December			
	2024		2023	
	Area ***(sq.m. in million)***	**Percentage** ***(%)***	Area *(sq.m. in million)*	Percentage *(%)*
Terminated GFA under management	**60.9**	**100%**	56.8	100%
Among which:				
Residential properties	**15.4**	**25.3%**	18.7	32.9%
Non-residential properties	**45.5**	**74.7%**	38.1	67.1%
Terminated contracted GFA	**62.2**	**100%**	59.2	100%
Among which:				
Residential properties	**15.8**	**25.4%**	19.5	32.9%
Non-residential properties	**46.4**	**74.6%**	39.7	67.1%

The Group focused on operational efficiency and took stock of all projects under management on a systematic basis. Through benchmarking research and project evaluation, it proactively aligned the resource allocation strategies according to the development potential and operational contribution of each project. This resulted in a remarkable improvement in the quality of project operations, building a solid foundation for the Group against market competitions and unleashing more vitality for development.

- **High quality projects from third-party bidding expansion**

  For the full year of 2024, the Group was determined and aggressive in stepping up the third-party bidding expansion, and has won market recognition for its quality services and products, achieving a record high in third-party bidding expansion. As of 31 December 2024, the Group's annualised contract amount of new projects from third-party bidding expansion recorded RMB1,482.7 million, representing a year-on-year increase of 28.2% as compared to RMB1,156.5 million for the same period of 2023; the newly-added contracted GFA was 43.1 million sq.m., representing a year-on-year increase of 3.4% as compared to 41.7 million sq.m. for the same period of 2023; and the newly-added GFA under management was 21.5 million sq.m., representing a year-on-year decrease of 25.3% as compared to 28.8 million sq.m. for the same period of 2023. The average price of property management fee for new projects from third-party bidding expansion was RMB2.9 per sq.m. per month, representing a year-on-year increase of 26.1% as compared to RMB2.3 per sq.m. per month for the same period of 2023.

The proportion of contracted GFA of the newly-added residential properties from third-party bidding expansion reached 42.9%, among which brand new residential properties and second-hand residential properties accounting for 18.3% and 24.6%, respectively, which had a positive impact on the average price of property management fee and profit margin.

Despite the continued downturn of the real estate market, the Group managed to achieve several record high annualised contract amount of projects from third-party bidding expansion, with even higher quality of bid-winning projects and intensified demonstrative effect, which fully reflected the pioneering spirit and business capability of the Group's new management team.

The following table sets forth the Group's newly-added GFA under management and newly-added contracted GFA by projects from third-party bidding expansion which were categorised by property type for the years ended 31 December 2024 and 31 December 2023, respectively:

	For the year ended 31 December			
	2024		2023	
	Area ***(sq.m. in million)***	**Percentage** *(%)*	Area *(sq.m. in million)*	Percentage *(%)*
Newly-added GFA under management	**21.5**	**100%**	28.8	100%
Among which:				
Residential properties	**6.0**	**27.9%**	8.7	30.3%
Non-residential properties	**15.5**	**72.1%**	20.1	69.7%
Newly-added contracted GFA	**43.1**	**100%**	41.7	100%
Among which:				
Residential properties	**18.5**	**42.9%**	14.2	34.1%
Non-residential properties	**24.6**	**57.1%**	27.5	65.9%

➢ COMMUNITY VALUE-ADDED SERVICES

- **Representing 15.3% of total revenue and 18.2% of total gross profit**

  As of 31 December 2024, the Group's revenue from community value-added services amounted to RMB1,207.7 million, representing a year-on-year decrease of 11.4% as compared to RMB1,362.9 million for the same period of 2023, which was mainly due to (1) a significant reduction in scale of some businesses with most relevance to the real estate industry (such as the carpark asset operation services and the home decoration services) under the impact of the overall downturn of the real estate industry; and (2) the changes in the domestic economic conditions and overall consumption sentiment causing spending of consumer to be more prudent, which posed certain challenges for the community asset management services.

  Since May 2024, the Group has optimised and adjusted its development strategy for the community value-added services. On the one hand, it had focus on the businesses relating to the daily lives of residents, actively explored and cultivated new business models, and created a convenient and efficient "5-minute living circle", so as to provide customers with a more caring and immediate service experience. On the other hand, based on comprehensive consideration of market competitiveness and profitability, the Group decided to suspend some of its businesses with less prominent advantages and relatively lower profit margins, and to focus its resources and efforts on enhancing its core business capabilities.

  As of 31 December 2024, the Group's gross profit of community value-added services was RMB284.3 million, representing a year-on-year decrease of 20.0% as compared to RMB355.5 million for the same period of 2023, which was mainly due to the reduction in scale of segment businesses and the change in gross profit structure.

The following table sets forth the Group's revenue from community value-added services by category for the years ended 31 December 2024 and 31 December 2023, respectively:

	For the year ended 31 December					
	2024		2023			
	Revenue *(RMB million)*	**Percentage** *(%)*	Revenue *(RMB million)*	Percentage *(%)*	Change in revenue *(%)*	Change in percentage *(percentage point)*
Community asset management services	**243.1**	**20.1%**	280.8	20.6%	-13.4%	decrease by 0.5 percentage point
Smart scenario solutions	**81.9**	**6.8%**	85.6	6.3%	-4.3%	increase by 0.5 percentage point
Carpark asset operation services	**264.6**	**21.9%**	294.6	21.6%	-10.2%	increase by 0.3 percentage point
Home decoration services	**69.7**	**5.8%**	126.5	9.3%	-44.9%	decrease by 3.5 percentage point
Campus value-added services	**361.1**	**29.9%**	412.7	30.3%	-12.5%	decrease by 0.4 percentage point
Elderly care services	**187.3**	**15.5%**	162.7	11.9%	15.1%	increase by 3.6 percentage points
Sub-total of community value-added services	**1,207.7**	**100%**	1,362.9	100%	-11.4%	N/A

- ***For community asset management services, revenue was RMB243.1 million, representing a year-on-year decrease of 13.4% as compared to RMB280.8 million for the same period of 2023***

  For the full year of 2024, revenue was affected by a number of factors, including the overall market downturn in the real estate industry and shift in consumption trends due to changes in the economic conditions, which resulted in weakened customer demand for community common space services and indoor services.

- ***For smart scenario solutions, revenue was RMB81.9 million, representing a year-on-year decrease of 4.3% as compared to RMB85.6 million for the same period of 2023***

  For the full year of 2024, the Group launched the smart multi-scenario solutions output business, providing one-stop services of solutions, design, engineering, commissioning and operation and maintenance; and launched the research and development and sales business of smart products, providing products such as whole-house smart devices, smart parking and smart passages, with stable revenue. However, gross profit margin declined year-on-year due to the general downturn in the real estate industry and overall subdued consumption.

- ***For carpark asset operation services, revenue was RMB264.6 million, representing a year-on-year decrease of 10.2% as compared to RMB294.6 million for the same period of 2023***

  For the full year of 2024, due to the impact of the continuing overall downturn in the domestic real estate industry, the demand for parking spaces from property owners reduced, affecting the revenue of the carpark sales business.

- ***For home decoration services, revenue was RMB69.7 million, representing a year-on-year decrease of 44.9% as compared to RMB126.5 million for the same period of 2023***

  For the full year of 2024, due to the ongoing downturn in the real estate industry, the overall number of newly-built projects and new project deliveries continued to drop in the market, resulting contraction in business scale and reduced revenue and profit margin.

- ***For campus value-added services, revenue was RMB361.1 million, representing a year-on-year decrease of 12.5% as compared to RMB412.7 million for the same period of 2023***

  For the full year of 2024, due to the impact of changes in the overall economic conditions, some public institutions contracted their service demand, which affected revenue. Nonetheless, the Group proactively responded to the market changes, strengthened its operation and management capabilities, and effectively controlled costs, all of which resulted in an essentially stable gross profit margin.

- ***For elderly care services, revenue was RMB187.3 million, representing a year-on-year increase of 15.1% as compared to RMB162.7 million for the same period of 2023***

  For the full year of 2024, Shanghai Chunqiji Elderly Care Services Co., Ltd. (上海椿祺集養老服務有限公司) ("Healthtop") actively grew its business with its team to open up a new market in Zhoushan, Zhejiang, thereby expanding its source of revenue. Healthtop and Shimao Services jointly developed the market, shared customer resources, established an efficient service model, provided customers with high-quality services and products and achieved revenue growth.

➢ VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

- **Representing 2.2% of total revenue and 1.9% of total gross profit**

  As of 31 December 2024, revenue from value-added services to non-property owners of the Group amounted to RMB176.0 million, representing a year-on-year decrease of 17.4% as compared to RMB213.1 million for the same period of 2023. This was primarily due to a drop in the number of newly-started houses amid the ongoing downturn in the real estate industry, hence a substantial contraction of the show room services business, weighing on revenue and profit margin.

➢ CITY SERVICES

- **Representing 12.0% of total revenue and 8.3% of total gross profit**

  As of 31 December 2024, revenue from city services of the Group amounted to RMB947.5 million, representing a year-on-year decrease of 29.0% as compared to RMB1,334.8 million for the same period of 2023, which was mainly attributable to the fact that, under the influence of the changing macroeconomic environment, some local governments contracted their demand for city services. In the face of market changes, the Group responded in a timely manner and made proactive adjustments by (1) disposing of Wuxi Jinshatian Technology Co., Ltd. ("Wuxi Jinshatian"); and (2) proactively withdrawing certain projects with lower profit margins and longer credit terms, while endeavoured to enhance its management and operation capabilities to maintain the gross profit margin.

Share Award Scheme

A Share Award Scheme of the Company (the "Share Award Scheme") was adopted by the Board on 28 June 2021 (the "Adoption Date"). The purpose of the Share Award Scheme is to recognise the contributions by certain selected employees of the Group and to provide them with incentives so as to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

The Share Award Scheme shall be valid and effective for a term of ten years commencing from the Adoption Date. The maximum number of shares which can be awarded under the Share Award Scheme is 3% of the total number of issued shares of the Company as at the Adoption Date (i.e. 70,919,190 shares). During the twelve months ended 31 December 2024, no award share was granted by the Company under the Share Award Scheme. Further details of the Share Award Scheme will be set out in the Company's 2024 Annual Report in due course.

Proceeds from the Listing

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 October 2020. Excluding underwriting fees and related expenses, the net proceeds from the listing amounted to HK$5,917.4 million (equivalent to approximately RMB5,126 million). Details of the actual or intended use of proceeds from the listing are as follows:

Intended use of net proceeds	Proceeds available for utilisation *(RMB million)*	Allocation percentage *%*	Utilised amount as of 31 December 2024 *(RMB million)*	Unutilised amount as of 31 December 2024 *(RMB million)*	Expected timeline for utilising the remaining unutilised amount
(1) To continue to expand business scale through multiple channels	3,332	65%	3,332	–	2025
(2) To diversify people-oriented and property-oriented value-added service offerings	769	15%	303	466	2025
(3) To improve the information technology system and smart technologies	256	5%	237	19	2025
(4) To attract and nurture talent	256	5%	74	182	2025
(5) For working capital and other general corporate purposes	513	10%	213	300	2025
Total	5,126	100%	4,159	967	

The proceeds set out above have not been utilised, mainly because the Group did not successfully acquire previous potential target projects. The Group will continue to identify suitable acquisition and investment targets, and the management will continue to take both prudent and proactive approach into consideration for facilitating the utilisation of the proceeds to achieve healthy development of business and long-term benefit of shareholders.

Equity Fund Raising Activities and Use of Proceeds

Placing of Existing Shares and Top-up Subscription of New Shares under the General Mandate (the "Top-Up Placing")

On 19 October 2021, the Company entered into a placing and subscription agreement (the "2021 Placing and Subscription Agreement") with Morgan Stanley & Co. International plc (the "Placing Agent"), Shimao Group and the vendor, Best Cosmos Limited ("Best Cosmos"), pursuant to which the Placing Agent conditionally agreed to place to not less than six independent professional, institutional and/or individual investors, on a fully underwritten basis, 115,000,000 existing ordinary shares of the Company at the placing price of HK$15.18 per share, and Best Cosmos conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue to Best Cosmos new ordinary shares, which were the same number as the placing shares that have been placed by the Placing Agent, at the placing price. The subscription shares have a nominal value of HK$1.15 million and a market value of HK$1,934.3 million, based on the closing price of HK$16.82 per share as quoted on the Stock Exchange on the last full trading day immediately before the time at which the 2021 Placing and Subscription Agreement was signed. The net price per subscription share is HK$15.09. The completion of placing of existing shares took place on 22 October 2021, and the Company allotted and issued 115,000,000 ordinary shares to Best Cosmos on 2 November 2021 under the general mandate granted to the Directors pursuant to an ordinary resolution passed at the 2021 annual general meeting of the Company (the "General Mandate").

The net proceeds received by the Company after deducting related fees and expenses were approximately HK$1,735 million. The Company intends to apply such net proceeds for potential M&A, business expansion, general working capital and general corporate uses. The Directors consider that the placing and subscription represent an opportunity to raise capital for the Company while broadening its shareholders and capital base, and it would strengthen the financial position of the Group and provide working capital to the Group. For further details, please refer to the announcements of the Company dated 20 October 2021 and 2 November 2021.

Details of the intended and actual use of the aggregate net proceeds of approximately HK$1,735 million (equivalent to approximately RMB1,426 million) from the above equity fund raising activities are as follows:

Intended use of net proceeds	Net proceeds from Top-Up Placing available for utilisation	Allocation percentage	Utilised net proceeds as of 31 December 2024	Unutilised net proceeds as of 31 December 2024	Expected timeline for utilising the remaining unutilised net proceeds
	(RMB million)	*%*	*(RMB million)*	*(RMB million)*	
(1) Potential M&A	1,140	80%	609	531	2025
(2) Business expansion	143	10%	–	143	2025
(3) General working capital and general corporate uses	143	10%	–	143	2025
Total	1,426	100%	609	817	

Due to the overall downturn of the real estate industry which led to an impact on the development of the property services industry, the overall growth rate of the industry has been significantly slowed down. Therefore, the Group's management shifted their strategy focus from the M&A to third-party bidding expansion, such as project bidding, market channel expansion and marketing team building, in order to develop our own market expansion capability. The Group's management will continue to identify suitable acquisition targets when the industry recovers or an ideal opportunity arises, and will adopt a prudent and flexible approach for utilising the proceeds effectively to facilitate long-term and healthy development of the Group's business.

Connected Transactions – Car Parking Spaces and Storage Units Purchase Agreements

On 24 April 2024, certain branch companies of 上海潤尚房地產經紀有限公司 (Shanghai Runshang Real Estate Agent Co., Ltd.) (an indirect wholly-owned subsidiary of the Company) entered into certain agreements with certain indirect wholly-owned subsidiaries of Shimao Group Holdings, pursuant to which the Group would acquire from Shimao Group certain car parking spaces and storage units (the "Target Assets"). The Target Assets comprised an aggregate of 180 car parking spaces and 10 storage units located at two projects of Shimao Group, with an aggregate consideration of approximately RMB36,473,237.

The two projects at which the Target Assets are located were all completed and delivered to homeowners. Since the real estate marketing teams for these projects were about to withdraw from these projects and the Group, as a provider for ongoing property management services, considered that the acquisitions and the taking over of the Target Assets would be more convenient for the Group to manage, sell or lease these assets going forward. In addition, the demand for car parking spaces and storage units for the residents of these projects remains stable. The Group was of the view that the acquisitions would enable the Group to provide better services to homeowners in these projects, and would also present an opportunity for the Group to realise such assets and bring valuable returns to the Shareholders. For details of the above connected transactions, please refer to the announcement of the Company dated 24 April 2024.

ACQUISITIONS AND FUTURE OUTLOOK

Acquisitions

As at 31 December 2024, there was no acquisition by the Group. When making acquisitions, apart from focusing on the alignment between the target company and the Group, the Group also takes into account the development demands including scale growth, the deployment of new race tracks and the building of new capabilities.

For potential acquisition targets, the Group will comprehensively consider the following factors: (1) being within the Group's existing management radius; (2) being a leading company in the region or sub-sector; (3) not touching red-line issues, such as safety issues, etc.; (4) being able to accept the Group's integration requirements; and (5) having a customer base that is from local middle-income and high-income class, so as to ensure the effective operation and management of the target company and its sustainable development after the completion of the M&A.

In 2024, the continued downturn in the real estate industry affected the development of the downstream property management services industry, the Group therefore was unsuccessful in acquiring any of its targets.

Looking ahead, the Group will remain prudent and continue to look for suitable acquisition targets in the market. In view of the prevailing industry situation, the Group will further strengthen its pre-acquisition due diligence by conducting in-depth analysis of the targets in terms of their performance in market position, business model, financial conditions and service quality, with particular attention to their risk resilience and growth potential in the complex market environment.

At the same time, the Group will fully consider its own strategic planning and integration capabilities to ensure that acquisitions not only can facilitate the expansion of its scale, but also deeply integrate into the Group's existing business structure, thereby achieving synergistic development and promoting the Group's continuous enhancement of its competitiveness in the property management services industry.

Future Outlook

Against the backdrop of the big data era, artificial intelligence ("AI") technology is enjoying rapid development. Facing such evolution, property management services companies are standing at the crossroads of change, anticipating limitless possibilities and opportunities in the future development.

AI technology and big data application. Through AI technology, property management services companies can realise intelligent management, enable accurate control over business processes, assist in the stable operation of equipment, reduce management costs, and increase operational efficiency. By applying big data, we are able to acquire deep understanding of customer preferences, provide property owners with better personalised services and more convenient service experience, thereby enhancing property owners' satisfaction and sense of belonging to the community.

Entering new race tracks. With people's growing demand for quality of life, there are plenty of opportunities in new sectors such as community elderly care services and pet services. By leveraging their familiarity with the community and commercial space, property management service companies can quickly enter these new tracks, explore new business growth points, and achieve diversified development.

Shifting to technology-driven. By transforming from a labour-intensive to a technology-driven business model, the Company will reduce labour costs, improve service quality and management standards, reshape the business model of property management services, build operational barriers in the face of fierce market competition, strengthen core competitiveness and achieve long-term sustainable development.

Employees and Compensation Policy

As at 31 December 2024, the Group had a total of 35,633 employees, representing a decrease of 25.0% as compared to 47,531 employees for the same period of 2023. Total staff costs amounted to RMB3,408.3 million, representing a decrease of 12.9% as compared to RMB3,914.4 million for the same period of 2023. The decrease in staff costs was mainly attributable to the following measures taken by the Group: (1) disposal of subsidiaries, such as Wuxi Jinshatian; (2) further streamlining of organizational structure, optimising the deployment for all departments to rationalise the resource allocation structure; and (3) focusing on the enhancement of operational and management capabilities, exploring more potential for cost reductions, and improving the efficiency of internal operations.

The salary paid to the employees by the Group was determined according to their duties, market levels as well as performance and contribution, and bonuses were also paid to employees based on their work performance. In addition, the Group offered its employees a variety of training and personal development schemes together with employee benefits, including pension fund, medical insurance and provident fund.

FINANCIAL REVIEW

During the year, the Group realised:

Revenue

Revenue was RMB7,895.5 million, representing a year-on-year decrease of 3.7% as compared to RMB8,202.7 million for the same period of 2023. The Group generated revenue from four business segments: (1) property management services; (2) community value-added services; (3) value-added services to non-property owners; and (4) city services. During the year: (1) property management services remained the largest contributor of revenue and profit to the Group, with revenue amounted to RMB5,564.3 million, accounting for 70.5% of the total revenue and representing a year-on-year increase of 5.1% as compared to RMB5,291.9 million for the same period of 2023; (2) revenue from community value-added services amounted to RMB1,207.7 million, accounting for 15.3% of the total revenue and representing a year-on-year decrease of 11.4% as compared to RMB1,362.9 million for the same period of 2023; (3) revenue from value-added services to non-property owners amounted to RMB176.0 million, accounting for 2.2% of the total revenue and representing a year-on-year decrease of 17.4% as compared to RMB213.1 million for the same period of 2023; and (4) revenue from city services amounted to RMB947.5 million, accounting for 12.0% of the total revenue and representing a year-on-year decrease of 29.0% as compared to RMB1,334.8 million for the same period of 2023.

Cost of Sales and Services

Cost of sales and services of the Group primarily included staff costs, subcontracting costs, utilities and facility operating costs, cost of smart scenario solutions and others. During the year, cost of sales and services was RMB6,331.3 million, representing a year-on-year decrease of 3.4% as compared to RMB6,556.2 million for the same period of 2023. The decrease in costs was mainly attributable to (1) the simultaneous reduction in costs due to the reduction in revenue scale during the reporting period ; (2) the continuous optimisation of the Company's organisational structure that enhanced operational efficiency of the management; and (3) the continued adjustment and optimisation of the project portfolio by terminating some projects with high level of difficulties under management and high management costs, which resulted in cost reduction.

Gross Profit and Gross Profit Margin

Gross profit amounted to RMB1,564.3 million, representing a year-on-year decrease of 5.0% as compared to RMB1,646.4 million in 2023. Gross profit margin was 19.8%, which remained stable as compared to 20.1% for the same period of 2023. Gross profit margins for the Group's four business segments were: 20.1% for property management services, 23.5% for community value-added services, 17.1% for value-added services to non-property owners and 13.6% for city services, respectively. Gross profit margins for those segments were 20.1%, 26.1%, 18.1% and 14.0% in 2023, respectively.

Gross profit margin for property management services was 20.1%, which remained stable as compared to 20.1% in 2023. It was mainly attributable to (1) the focus on the enhancement of management efficiency and optimisation of the project portfolio; (2) the reduction in costs and increase in efficiency by controlling frontline management costs; and (3) the promotion of energy-saving reforms to reduce energy consumption expenditure.

Gross profit margin for community value-added services was 23.5%, representing a decrease of 2.6 percentage points as compared to 26.1% in 2023. It was mainly due to a decrease in the scale of segment businesses and a change in gross profit structure.

Gross profit margin for value-added services to non-property owners was 17.1%, representing a decrease of 1.0 percentage point as compared to 18.1% in 2023. It was mainly due to the continued decline in revenue from real estate sector amid the ongoing downturn in the real estate industry, as well as increase in labour and other costs, weighing on revenue and profit margin.

Gross profit margin for city services was 13.6%, representing a decrease of 0.4 percentage point as compared to 14.0% in 2023. It was mainly due to (1) reduction in the unit price of purchases by customers; and (2) increase in the costs of energy, labour, raw materials and consumables.

Selling and Marketing Expenses

Selling and marketing expenses were RMB116.3 million, representing a year-on-year decrease of 14.9% as compared to RMB136.6 million in 2023, and accounted for 1.5% of the total revenue, representing a decrease of 0.2 percentage point as compared to 1.7% in 2023. The decrease was mainly due to the Group's efforts to reduce costs and improve efficiency by effectively lowering marketing expenses through measures such as optimisation of the marketing team and precision marketing promotions.

Administrative Expenses

During the year, administrative expenses were RMB827.5 million, representing a year-on-year decrease of 16.4% as compared to RMB989.5 million in 2023, and accounted for 10.5% of the gross revenue, representing a decrease of 1.6 percentage points as compared to 12.1% in 2023. It was mainly due to the Group's efforts to reduce costs and improve efficiency by effectively lowering administrative expenses through measures such as optimisation of the management team, control over administrative cost and reduction in system development.

Impairment Losses on Financial Assets – Net

During the year, the Group's impairment losses on financial assets – net was RMB142.9 million, representing an increase of RMB56.3 million as compared to RMB86.6 million in 2023. This was primarily due to the slowdown in the collection of payment from customers amid the domestic macroeconomic environment, resulting in an increase in the balance of receivables at the end of the period, which led to an increase in impairment loss for the current period.

Impairment Losses on Intangible Assets

During the year, the Group's impairment losses on goodwill – net was RMB45.6 million, representing an increase of RMB30.2 million as compared to RMB15.4 million in 2023. Considering the impact of the economic environment of the market, the Group, based on prudence principle, provided for certain impairment on goodwill of the acquired companies with lower-than-expected operating performance.

Operating (Loss)/Profit

During the year, operating loss was RMB157.7 million, representing a dramatic decrease as compared to operating profit of RMB343.6 million in 2023. It was mainly due to (1) the slowdown in the collection of payment from customers amid the macroeconomic environment, resulting in an increase in the balance of receivables at the end of the period, which led to an increase in the impairment loss for the current period; and (2) suffered a loss resulting from the disposal of a significant subsidiary, "Wuxi Jinshatian", during the reporting period.

Finance Income – Net

During the year, finance income – net was RMB0.6 million, representing a dramatic decrease as compared to finance income – net of RMB32.2 million in 2023. It was mainly due to (1) a decrease in interest income in 2024 as compared with 2023 due to the decrease in fixed deposit business; and (2) the lower interest rates on time and demand deposits during the year as compared with 2023 under the influence of the domestic economic conditions.

(Loss)/Profit before Income Tax

During the year, loss before income tax amounted to RMB147.7 million, representing a decrease as compared to profit before income tax of RMB387.8 million in 2023. It was mainly due to the fact that the Group (1) suffered from a slowdown in the collection of payment from customers amid the macroeconomic environment, resulting in an increase in the balance of receivables at the end of the period, which led to an increase in the impairment loss for the current period; (2) suffered a loss resulting from the disposal of a significant subsidiary, "Wuxi Jinshatian", during the reporting period; and (3) based on prudence principle, provided for certain impairment on goodwill of the acquired companies with lower-than-expected operating performance.

Income Tax Expense

During the year, income tax expense amounted to RMB75.2 million, which remained stable as compared to income tax expense of RMB71.1 million for 2023. This was primarily due to (1) except for the loss of "Shimao Tiancheng" (a subsidiary of the Group) incurred from the disposal of "Wuxi Jinshatian", during the reporting period, all other operating segments of the Group remained profitable and exceeded the amount of profit for the same period of last year; and (2) the amount of goodwill impairment increased by RMB30.2 million during the current period as compared with the same period of 2023, which led to an increase in losses that are not deductible before tax.

The internet of things ("IoT") technology companies under the Group are entitled to the preferential tax policy of "tax exemption for the first two years and 50% tax reduction for the following three years". 2024 was the fifth year of entitlement to such preferential tax policy. Tibet Shimao Tian Cheng Property (formerly Hailiang Property), headquartered in Tibet, enjoyed tax benefits; while Chengdu Xinyi, Xi'an Fangrui and the newly established "second headquarters" enjoyed the preferential tax policy for "Western Region Development".

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

The income tax rate applicable to the Group's entities incorporated in Hong Kong was 16.5% on the income subject to Hong Kong profits tax for the year. No provision was made for Hong Kong profits tax over the 12 months from 1 January 2024 to 31 December 2024, as the Group did not derive any income subject to Hong Kong profits tax.

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

(Loss)/Profit for the Year

Loss for the year amounted to RMB223.0 million, declined from profit for the year of RMB316.7 million in 2023. Loss attributable to equity holders of the Company was RMB272.4 million, while profit attributable to equity holders of the Company was RMB273.2 million for the same period of 2023.

If excluded provision of impairment of receivables, expenses of the Share Award Scheme, fair value changes in purchase consideration adjustment, loss on disposal of subsidiaries, provision for inventories, amortisation costs of intangible assets (brands, contracts and customer relationships) brought by M&A, goodwill and performance compensation for acquired companies, the core net profit attributable to equity holders of the Company was approximately RMB492.4 million for the year ended 31 December 2024, representing a year-on-year decrease of 24.0% as compared to RMB647.7 million in 2023. The decrease in core net profit attributable to equity holders of the Company was mainly due to (1) less profits from community value-added and non-property owners value-added segment due to the impact of the macroeconomy; and (2) costs on, among others, greening, upgrading and renovation increased, so as to enhance the quality of the project.

Investment Properties, Property, Plant and Equipment

As at 31 December 2024, net book value of investment properties, property, plant and equipment amounted to RMB355.9 million, representing a year-on-year decrease of 39.7% as compared to RMB590.2 million as at 31 December 2023. This was primarily due to the decrease in the machinery and equipment account as a result of the disposal of a subsidiary, "Wuxi Jinshatian" during the year.

Intangible Assets

As at 31 December 2024, the carrying amount of the Group's intangible assets was RMB2,101.2 million, representing a decrease of 20.9% as compared to RMB2,657.7 million as at 31 December 2023. The Group's intangible assets primarily included: (1) goodwill of RMB1,307.8 million recognised for the acquired companies; (2) customer relationships of RMB470.6 million recognised for the acquired companies; and (3) software research and development and purchase worth RMB322.8 million by the Group. Customer relationships and software have definite useful lives and are accounted for at cost less accumulated amortisation.

As at 31 December 2024, the Group's goodwill amounted to RMB1,307.8 million, representing a decrease of 24.2% as compared to RMB1,724.9 million as at 31 December 2023. The Group's goodwill mainly arose from the expected future development of the acquired companies, the improvement of market coverage, the expansion of service portfolio, the development of value-added services and the enhancement of management efficiency.

As at 31 December 2024, the Group's management had made a provision of impairment losses on goodwill amounting to RMB45.6 million for companies, including Zheda Sinew, Yantai Kangqiao, Quanzhou Youda and Hunan Jili.

Trade Receivables

As at 31 December 2024, trade receivables amounted to RMB3,378.3 million, representing an increase of 5.3% as compared to RMB3,209.2 million in 2023. It was due to the slowdown the collection of payment from customers amid the macroeconomic environment, which led to an increase in the balance of receivables at the end of the period.

Trade Payables

As at 31 December 2024, trade payables amounted to RMB1,412.3 million, representing an increase of 16.5% as compared to RMB1,212.5 million for the same period of 2023, which was due to longer credit terms for payments due to suppliers as a result of lower-than-expected collection of payment.

Liquidity, Reserves and Capital Structure

The Group maintained a strong financial position during the year. Current assets amounted to RMB9,648.9 million as at 31 December 2024, representing a year-on-year increase of 5.1% as compared to RMB9,182.5 million as at 31 December 2023. The Group's cash and cash equivalents amounted to RMB2,164.1 million, representing a year-on-year decrease of 42.9% from RMB3,788.3 million as at 31 December 2023. It was mainly due to (1) the increase in time deposits at the end of the period as compared to the same period of 2023; (2) the payment for equity transfer in the past during the year; (3) investment in associates; and (4) the lower-than-expected recovery rate of services fees during the year.

The Group's net current assets amounted to RMB4,880.9 million as at 31 December 2024, with a current ratio of 2.02, which still stood at a healthy level as compared to the net current assets of RMB3,938.8 million as at 31 December 2023.

Capital Expenditure Commitments

As at 31 December 2024, there is no capital commitment that the Group had already contracted but not provided for.

Foreign Exchange Risk

The Group principally operates in the PRC, and the majority of its business is conducted in RMB with limited exposure to the foreign exchange risk. However, any depreciation or appreciation in HKD and adjustment in the interest rates will affect the performance of the Group. Therefore, the Group will closely monitor its exchange rate risk and interest rate risk exposure, actively explore foreign exchange hedging plans with major banks and use financial instruments to hedge against such risks when necessary.

Contingent Liabilities

As at 31 December 2024, the Group did not have any material contingent liabilities.

Financial Policy

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

ANNUAL RESULTS

The board of directors of the Company (the "Board") is pleased to present the consolidated annual results of the Group for the year ended 31 December 2024 together with comparative figures for 2023. These annual results have been reviewed by the Company's Audit Committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

		Year ended 31 December	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
Revenue	*5*	**7,895,536**	8,202,668
Cost of sales and services	*5*	**(6,331,253)**	(6,556,236)
Gross profit		**1,564,283**	1,646,432
Selling and marketing expenses		**(116,258)**	(136,643)
Administrative expenses		**(827,492)**	(989,518)
Loss on disposal of subsidiaries	*14*	**(589,143)**	–
Impairment losses on financial assets – net	*6*	**(142,878)**	(86,595)
Impairment losses on intangible assets		**(45,829)**	(121,316)
Impairment losses on asset classified as held for sales		**(2,306)**	–
Provision for inventories	*6*	**(31,818)**	–
Other income	*7*	**25,330**	66,029
Other gains and losses – net		**15,023**	(23,976)
Other operating expenses		**(6,626)**	(10,844)
Operating (loss)/profit		**(157,714)**	343,569
Finance income		**31,501**	78,106
Finance costs		**(30,879)**	(45,932)
Finance income – net		**622**	32,174
Share of results of associates		**9,348**	12,102
(Loss)/Profit before income tax	*6*	**(147,744)**	387,845
Income tax expense	*8*	**(75,214)**	(71,097)
(Loss)/Profit for the year		**(222,958)**	316,748

	Notes	Year ended 31 December **2024** ***RMB'000***	 2023 *RMB'000*
(Loss)/Profit attributable to:			
– Equity holders of the Company		**(272,363)**	273,245
– Non-controlling interests		**49,405**	43,503
		(222,958)	316,748
Other comprehensive (expense)/income for the year, net of tax			
Item that will be reclassified subsequently to profit or loss			
– Exchange differences on translation of foreign operations		**(6,613)**	4,278
Total comprehensive (expense)/income for the year		**(229,571)**	321,026
Total comprehensive (expense)/income attributable to:			
– Equity holders of the Company		**(278,976)**	277,523
– Non-controlling interests		**49,405**	43,503
		(229,571)	321,026
(Loss)/Earnings per share	*9*		
– Basic *(RMB)*		**(0.11)**	0.11
– Diluted *(RMB)*		**(0.11)**	0.11

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	As at 31 December 2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment		**338,593**	571,929
Right-of-use assets		**43,484**	80,217
Investment properties		**17,337**	18,271
Intangible assets		**2,101,162**	2,657,718
Deferred tax assets		**280,898**	255,538
Interests in associates		**502,204**	61,019
Financial assets at fair value through profit or loss		**5,619**	124,178
Contract assets		**–**	165,406
Prepayments, deposits and other receivables		**49,247**	1,123,223
Total non-current assets		**3,338,544**	5,057,499
Current assets			
Financial assets at fair value through profit or loss		**138,703**	–
Inventories		**174,346**	210,883
Trade receivables	*11*	**3,378,267**	3,209,178
Contract assets		**–**	10,828
Prepayments, deposits and other receivables		**2,119,426**	926,452
Restricted bank balances		**37,489**	36,898
Time deposits with maturity over three months		**1,600,129**	1,000,000
Cash and cash equivalents		**2,164,112**	3,788,300
		9,612,472	9,182,539
Asset classified as held for sale		**36,462**	–
Total current assets		**9,648,934**	9,182,539
Current liabilities			
Trade payables	*13*	**1,412,288**	1,212,521
Deposits received, accruals and other payables		**1,602,571**	2,120,108
Contract liabilities		**1,287,690**	1,253,358
Income tax liabilities		**416,177**	393,199
Borrowings		**–**	232,154
Lease liabilities		**20,138**	32,383
		4,738,864	5,243,723
Liabilities directly associated with assets classified as held for sale		**29,203**	–
Total current liabilities		**4,768,067**	5,243,723
Net current assets		**4,880,867**	3,938,816
Total assets less current liabilities		**8,219,411**	8,996,315

		As at 31 December	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
Non-current liabilities			
Borrowings		**–**	67,788
Lease liabilities		**23,628**	35,954
Deferred tax liabilities		**132,124**	156,631
Provisions for other liabilities and charges		**22,688**	30,311
Deposits received, accruals and other payables		**1,928**	59,478
Total non-current liabilities		**180,368**	350,162
Net assets		**8,039,043**	8,646,153
Equity			
Share capital	*12*	**21,358**	21,358
Reserves		**7,637,394**	7,895,082
Equity attributable to equity holders of the Company		**7,658,752**	7,916,440
Non-controlling interests		**380,291**	729,713
Total equity		**8,039,043**	8,646,153

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

Shimao Services Holdings Limited (the "Company") was incorporated on 3 December 2019 under the laws of the Cayman Islands with limited liability. The address of the Company's registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box. 10240, Grand Cayman KY1-1002, Cayman Islands. The principal place of business is located at Unit 3820, 38th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong. The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 October 2020.

The Company is an investment holding company. The Company and its subsidiaries (the "Group") are principally engaged in the provision of property management services, community value-added services, value-added services to non-property owners and city services in the People's Republic of China (the "PRC").

The Company's immediate holding company is Best Cosmos Limited ("Best Cosmos"), a company incorporated in the British Virgin Island (the "BVI") and intermediate holding company is Shimao Group Holdings Limited ("Shimao Group") whose shares are listed on the Stock Exchange since 5 July 2006. In the opinion of the directors of the Company (the "Directors"), the Company's ultimate holding company is Gemfair Investments Limited, a company incorporated in the BVI which is wholly owned by Mr. Hui Wing Mau ("Mr. Hui"/"Ultimate Controlling Shareholder").

2. BASIS OF PREPARATION

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

3. ADOPTION OF NEW AND AMENDED HKFRSs

Amended HKFRSs that are effective for annual periods beginning on 1 January 2024

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statement for the annual period beginning 1 January 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The adoption of the amended HKFRS had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Issue but not yet effective HKFRS

At the date of this announcement, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKAS 10 and HKFRS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 21	Lack of Exchangeability[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[2]
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

HKFRS 18 "Presentation and Disclosure in Financial Statements" and related amendments to Hong Kong Interpretation 5

HKFRS 18 replaces HKAS 1 "Presentation of Financial Statements". It carries forward many of the existing requirements in HKAS 1, with limited changes, and some HKAS 1 requirements will be moved to HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and HKFRS 7 "Financial Instruments: Disclosures".

HKFRS 18 will not impact the recognition and measurement of financial statement items but will affect their presentation. It introduces three major new requirements, including:

- reporting newly defined subtotals (namely "operating profits" and "profits before financing and income tax"), and classifying items into five newly defined categories (namely "operating", "investing", "financing", "income tax", and "discontinued operation"), depending on the reporting entity's main business activities, in the statement of profit or loss;

- disclosure of management-defined performance measures ("MPMs") in a single note to the financial statements; and

- enhanced guidance on the aggregation and disaggregation of information in the financial statements.

Besides, narrow-scope amendments have been made to HKAS 7 "Statement of Cash Flows", which includes:

- using "operating profit or loss" as the starting point for indirect method for the presentation of operating cash flows purposes; and

- the option for classifying interest and dividend cash flows as operating activities is eliminated.

In addition, there are consequential amendments to several other standards.

HKFRS 18 and the amendments to the other HKFRSs are effective for annual periods beginning on or after 1 January 2027 and must be applied retrospectively with specific transition provisions. The directors of the Company are still in the process of assessing the impact of HKFRS 18, particularly with respect to the structure of the Group's consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows, and the additional disclosures required for MPMs. The Group is also assessing the impact of how information is grouped in the consolidated financial statements, including the items currently labelled as "Other".

4. SEGMENT INFORMATION

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

The CODM considers business from a product perspective and has identified the following two operating segments:

– Property management and related services, which include property management services, community value-added services and value-added services to non-property owners; and

– City services, which includes sanitation, cleaning and sewage and waste treatment business.

The CODM assesses the performance of the operating segments based on a measure of operating results, adjusted by excluding financial income, finance costs, other gains and losses – net, loss on disposal of subsidiaries, shares of results of associates and certain unallocated expenses.

All assets are allocated to operating segment assets other than deferred tax assets, interests in associates, asset classified as held for sale and other corporate assets. All liabilities are allocated to operating segment liabilities other than deferred tax liabilities, income tax liabilities, liabilities directly associated with assets classified as held for sale and borrowings.

Sales between segments are carried out on terms agreed upon by the respective segments' management.

The principal operating entity of the Group is domiciled in the PRC. For the purpose of segment information disclosure under HKFRS 8, the Group regard the PRC as its place of domicile. The Group's revenue from external customers is classified based on the geographical locations of the customers and the details are disclosed above. Accordingly, all of the Group's revenue were derived in the PRC during the years ended 31 December 2024 and 2023.

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

The segment revenue and results are as follows:

	Property management services *RMB'000*	City services *RMB'000*	Total *RMB'000*
Year ended 31 December 2024			
Reportable segment revenue	**6,948,070**	**947,466**	**7,895,536**
Reportable segment results	**375,590**	**50,131**	**425,721**
Amounts included in the measure of segment results:			
Impairment losses on financial assets – net	**(123,893)**	**(18,985)**	**(142,878)**
Impairment losses on intangible assets	**(45,829)**	**–**	**(45,829)**
Impairment losses on asset classified as held for sales	**(2,306)**	**–**	**(2,306)**
Provision for inventories	**(31,818)**	**–**	**(31,818)**
Depreciation of property, plant and equipment, right-of-use assets and investment properties	**(136,232)**	**(26,169)**	**(162,401)**
Amortisation of intangible assets	**(146,855)**	**(17,737)**	**(164,592)**
Year ended 31 December 2023			
Reportable segment revenue	6,867,893	1,334,775	8,202,668
Reportable segment results	485,273	(106,138)	379,135
Amounts included in the measure of segment results:			
Impairment losses on financial assets – net	(59,961)	(26,634)	(86,595)
Impairment losses on intangible assets	(15,391)	(105,925)	(121,316)
Depreciation of property, plant and equipment, right-of-use assets and investment properties	(112,005)	(92,429)	(204,434)
Amortisation of intangible assets	(139,542)	(48,401)	(187,943)

A reconciliation of segment results to (loss)/profit before income tax is provided as follows:

	Year ended 31 December	
	2024 *RMB'000*	2023 *RMB'000*
Segment results	**425,721**	379,135
Other gains and losses – net	**15,023**	(23,976)
Share of results of associates	**9,348**	12,102
Loss on disposal of subsidiaries	**(589,143)**	–
Finance costs	**(30,879)**	(45,932)
Finance income	**31,501**	78,106
Unallocated expenses	**(9,315)**	(11,590)
(Loss)/Profit before income tax	**(147,744)**	387,845

The segment assets and liabilities are as follows:

	Property management services *RMB'000*	City services *RMB'000*	Total *RMB'000*
As at 31 December 2024			
Segment assets	**10,909,791**	**342,799**	**11,252,590**
Segment liabilities	**4,229,441**	**141,490**	**4,370,931**
As at 31 December 2023			
Segment assets	9,615,366	1,866,551	11,481,917
Segment liabilities	3,923,212	820,901	4,744,113

Reconciliation of segment assets to total assets and segment liabilities to total liabilities provided as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Segment assets	**11,252,590**	11,481,917
Deferred tax assets	**280,898**	255,538
Interests in associates	**502,204**	61,019
Other corporate assets	**915,324**	2,441,564
Asset classified as held for sale	**36,462**	–
Total assets	**12,987,478**	14,240,038
Segment liabilities	**4,370,931**	4,744,113
Deferred tax liabilities	**132,124**	156,631
Income tax liabilities	**416,177**	393,199
Borrowings	**–**	299,942
Liabilities directly associated with assets classified as held for sale	**29,203**	–
Total liabilities	**4,948,435**	5,593,885

5. REVENUE AND COST OF SALES AND SERVICES

Revenue mainly comprises of proceeds from property management services, value-added services and city services rendered to customers, net of value added tax and surcharges, and allowances for discounts. An analysis of the Group's revenue and cost of sales and services by category for the year is as follows:

	Year ended 31 December			
	2024		2023	
	Revenue *RMB'000*	**Cost of sales and services** *RMB'000*	Revenue *RMB'000*	Cost of sales and services *RMB'000*
Revenue from customer and recognised over time:				
Property management services	**5,564,305**	**4,443,480**	5,291,917	4,226,488
Community value-added services	**458,823**	**312,498**	442,999	290,623
Value-added services to non-property owners	**176,020**	**145,924**	213,088	174,604
City services	**947,466**	**818,361**	1,334,775	1,147,727
	7,146,614	**5,720,263**	7,282,779	5,839,442
Revenue from customer and recognised at a point in time:				
Community value-added services	**748,922**	**610,990**	919,889	716,794
	7,895,536	**6,331,253**	8,202,668	6,556,236
Gross basis	**7,683,770**	**6,219,243**	8,016,576	6,466,881
Net basis	**211,766**	**112,010**	186,092	89,355
	7,895,536	**6,331,253**	8,202,668	6,556,236

6. (LOSS)/PROFIT BEFORE INCOME TAX

The Group's (loss)/profit before income tax is calculated after deducting the following expenses:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Employee benefit expenses (excluding directors' and chief executive's remuneration)	**3,408,299**	3,914,366
Equity-settled share-based payment		
– Employees other than directors	**688**	12,049
– Directors	**471**	5,396
	1,159	17,445
Impairment losses on financial assets – net		
– Third parties		
Impairment losses on trade receivables	**169,805**	114,487
(Reversal of)/Impairment losses on other financial assets included in deposits and other receivables	**(9,315)**	8,250
– Related parties		
Impairment losses on trade receivables	**9,506**	13,105
Reversal of impairment losses on other financial assets included in deposits and other receivables	**(27,118)**	(49,247)
Total provision of impairment losses on financial assets – net	**142,878**	86,595
Depreciation and amortisation:		
Depreciation of property, plant and equipment	**128,277**	156,396
Depreciation of right-of-use assets, included in administrative expenses	**33,190**	47,066
Depreciation of investment properties	**934**	972
Amortisation of intangible assets	**164,592**	187,943
	326,993	392,377
Auditors' remuneration		
– Annual and other audit services	**3,300**	3,300
– Non-audit services	**500**	500
	3,800	3,800
Cleaning cost	**795,980**	662,311
Greening and gardening costs	**119,051**	113,439
Security costs	**685,503**	627,281
Maintenance costs	**312,185**	235,425
System operation and upgrade costs	**41,307**	40,130
City services cost	**818,361**	1,147,727
Cost of inventories sold	**141,164**	267,798
Provision for inventories	**31,818**	–
Cost of selling parking lots	**12,521**	1,230
Raw materials used in catering services	**123,724**	138,115

7. OTHER INCOME

	Year ended 31 December **2024** *RMB'000*	2023 *RMB'000*
Government grants	**25,330**	49,451
Value-added tax deductibles	**–**	16,578
	25,330	66,029

8. INCOME TAX EXPENSE

	Year ended 31 December **2024** *RMB'000*	2023 *RMB'000*
Current income tax expense – PRC		
– Corporate income tax	**(122,421)**	(88,487)
Deferred tax credit		
– PRC corporate income tax	**47,207**	17,390
	(75,214)	(71,097)

9. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

	Year ended 31 December **2024**	2023
(Loss)/Profit attributable to equity holders of the Company *(RMB'000)*	**(272,363)**	273,245
Weighted average number of ordinary shares *(in thousands)*	**2,456,741**	2,470,683
Basic (loss)/earnings per share *(expressed in RMB per share)*	**(0.11)**	0.11

Diluted (loss)/earnings per share

	Year ended 31 December **2024**	2023
(Loss)/Profit attributable to ordinary holders of the Company *(RMB'000)*	**(272,363)**	273,245
(Loss)/Profit for the year, attributable to owners of the Company for diluted (loss)/earnings per shares *(RMB'000)*	**(272,363)**	273,245
Weighted average number of equity shares for basic (loss)/earnings per share *(in thousands)*	**2,456,741**	2,470,683
Adjustments: share award scheme *(in thousands)*	**–**	5,082
Weighted average number of ordinary shares for dilutive (loss)/earnings per share *(in thousands)*	**2,456,741**	2,475,765

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of equity shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has potential ordinary shares arising from the share award scheme.

Diluted loss per share is the same as the basic loss per share for the year ended 31 December 2024. The potential shares arising from the share award scheme would decrease the loss per share attributable to equity holders of the Company and was not taken into account as they had anti-dilutive effect.

10. DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 December 2024 (2023: Nil).

11. TRADE RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade receivables		
– Related parties	**753,235**	748,477
– Third parties	**3,635,434**	3,354,689
	4,388,669	4,103,166
Note receivables		
– Related parties	**200**	1,437
– Third parties	**227**	1,558
	427	2,995
Less: allowance for impairment losses on trade receivables	**(1,010,829)**	(896,983)
	3,378,267	3,209,178

For trade receivables from property management services, the Group charges property management fees on a monthly or quarterly basis and the payment is generally due upon the issuance of demand notes. No credit period is granted.

Trade receivables from value-added services and city services are due for payments in accordance with the terms of the relevant services agreements with property developers and government bodies, which is normally within 30-90 days (2023: 30-90 days) from the issue of demand note.

The amounts due from related parties are repayable on credit terms similar to those offered to other major customers of the Group.

An ageing analysis of the trade receivables as at the end of the year, based on the recognition date and before impairment, is as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**2,561,773**	2,396,233
1 to 2 years	**651,705**	790,945
2 to 3 years	**641,321**	758,392
3 to 4 years	**415,253**	148,100
4 to 5 years	**109,918**	8,330
Over 5 years	**8,699**	1,166
	4,388,669	4,103,166

As at 31 December 2024 and 2023, the trade receivables were denominated in RMB.

As at 31 December 2024, the total note receivables (before impairment) amounting to RMB427,000 (2023: RMB2,995,000) are held by the Group for future settlement of trade receivables. All note receivables received by the Group are with a maturity period of less than one year.

12. SHARE CAPITAL

Ordinary shares

	Number of ordinary shares of HK$0.01 each	**Share capital**	
		HK$	*RMB*
Authorised			
As at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**3,500,000,000**	**35,000,000**	**30,350,583**
Issued and fully paid			
As at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**2,468,173,000**	**24,681,730**	**21,357,812**

13. TRADE PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade payables		
– Related parties	**18,548**	6,291
– Third parties	**1,393,740**	1,206,230
	1,412,288	1,212,521

The trade payables have a normal credit terms of 30 to 90 (2023: 30 to 90) days. As at 31 December 2024 and 2023, the carrying amounts of trade payables approximated to their fair values. At 31 December 2024 and 2023 trade payables were denominated in RMB.

The ageing analysis of trade payables based on the invoice date was as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**1,028,286**	968,851
1 to 2 years	**222,145**	103,603
2 to 3 years	**44,564**	111,234
3 to 4 years	**98,161**	26,143
4 to 5 years	**16,600**	1,702
Over 5 years	**2,532**	988
	1,412,288	1,212,521

14. DISPOSAL OF SUBSIDIARIES

(i) On 24 September 2024, Shimao Tiancheng Property Services Group Co., Ltd. ("Shimao Tiancheng"), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with an independent third party (the "Purchaser"), pursuant to which Shimao Tiancheng agreed to sell, and the Purchaser agreed to acquire the 60% equity interests in Wuxi Jinshatian Technology Co., Ltd. ("Wuxi Jinshatian") for a consideration of RMB250,000,000. The disposal was completed in September 2024.

(ii) The Group also disposed three subsidiaries to independent third parties during the year ended 31 December 2024 at a total consideration of approximately RMB18,116,000.

Net assets disposed with reconciliation of disposal loss and net cash inflow/(outflow) on disposal are as follow:

	Wuxi Jinshatian *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Cash and cash equivalents	59,751	25,838	85,589
Trade receivables	574,704	8,429	583,133
Prepayments, deposits and other receivables	84,160	6,230	90,390
Property, plant and equipment	221,874	343	222,217
Deferred tax assets	13,002	722	13,724
Inventories	21,431	–	21,431
Contract assets	161,227	–	161,227
Right of use assets	12,718	–	12,718
Intangible assets (excluding goodwill)	202,766	3,875	206,641
Deferred tax liabilities	(16,071)	(591)	(16,662)
Borrowings	(109,788)	–	(109,788)
Lease liabilities	(4,438)	–	(4,438)
Trade payables	(192,733)	(6,042)	(198,775)
Deposits received, accruals and other payables	(216,565)	(14,731)	(231,296)
Income tax liabilities	(9,916)	(5,425)	(15,341)
Provisions for other liabilities and charges	(4,579)	–	(4,579)
Total identifiable net assets	797,543	18,648	816,191
Less: non-controlling interests	(323,259)	(7,228)	(330,487)
Net assets attribute to the equity holders of the Company	474,284	11,420	485,704
Goodwill	359,627	11,928	371,555
Loss on disposal of subsidiaries	(583,911)	(5,232)	(589,143)
Disposal consideration			
– Cash received	206,000	17,506	223,506
– Outstanding and included in other receivable	44,000	610	44,610
	250,000	18,116	268,116
Cash proceeds from disposal consideration	206,000	17,506	223,506
Less: Cash and cash equivalents in the entities disposed of	(59,751)	(25,838)	(85,589)
Net cash inflow/(outflow) from disposal	146,249	(8,332)	137,917

15. EVENT AFTER THE REPORTING PERIOD

On 3 January 2025, Shimao Tiancheng and Shanghai Xumaorui Enterprise Management Co., Ltd. ("Shanghai Xumaorui"), both indirect wholly-owned subsidiaries of the Company, entered into an equity transfer agreement and a settlement agreement with the vendor and the original shareholders. Under these agreements, the vendor agreed to sell, and Shanghai Xumaorui agreed to purchase, 33% of the equity interests in Shenzhen Shiluyuan Environment Co., Ltd. at a consideration of RMB83,159,000. The consideration will be partially settled the net contingent consideration receivables amounting to RMB138,703,000. The transaction and settlement were completed in January 2025. For further details, please refer to the Company's announcement dated 3 January 2025.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with Model Code set out in Appendix C3 to the Listing Rules

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange as the code of conduct regarding securities transactions by the directors of the Company (the "Directors"). The Company has made specific enquiry of all Directors and all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 December 2024.

Compliance with the Corporate Governance Code

The Company has complied with all applicable code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules throughout the year ended 31 December 2024.

Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Final Dividend

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

Annual General Meeting

The 2025 annual general meeting of the Company (the "AGM") will be held on Tuesday, 10 June 2025. A notice convening the AGM will be published and dispatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

Closure of Register of Members

For the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 4 June 2025 to Tuesday, 10 June 2025 (both days inclusive), during which no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 3 June 2025.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the preliminary announcement of the Group's annual results for the year ended 31 December 2024 have been agreed by the Group's auditor, Grant Thornton Hong Kong Limited (the "Auditor"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Auditor on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.shimaofuwu.com). The Company's 2024 annual report will be despatched to its shareholders and published on the above websites in due course.

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

Hong Kong, 28 March 2025

As at the date of this announcement, the Board comprises three Executive Directors, namely Mr. Hui Sai Tan, Jason (Chairman), Mr. Shao Liang (President) and Mr. Cao Shiyang; and three Independent Non-executive Directors, namely, Mr. Gu Yunchang, Ms. Zhou Xinyi and Mr. Hui Wai Man, Lawrence.